



Kantor: office leaked document

EC attacks US claims over procurement bids

By Andrew Hill in Brussels

THE EC yesterday hit back at "misleading" US allegations that the Community is restricting US companies' access to public procurement contracts.

A spokesman for Sir Leon Brittan, the EC trade commissioner, said that new single market legislation was opening up public procurement in the Community. He pointed out that since new procurement rules for utilities came into force on January 1, 183 contracts had been advertised for tender in the EC's Official Journal.

A document leaked from the office of the US trade representative, now Mr Mickey Kantor, over the weekend claimed that bidding opportunities worth \$18.8bn (\$11.8bn) were offered to EC contractors under the Gatt government procurement code in 1990, compared with \$7.8bn in EC contracts open to US operators.

The US tactics have escalated the

dispute between the US and the EC over public procurement ahead of the next meeting of trade negotiators in Brussels, set for March 11. The US has threatened to ban EC companies from bidding for federal contracts if allegedly discriminatory EC procurement legislation is not abandoned before March 22.

EC negotiators said yesterday they were "baffled" by the appearance of the US document, which they said had not been part of last week's public procurement negotiations in Washington. "I can only suspect that the US has taken our numbers and added some of its own," said one EC official yesterday.

The officials admitted that, in absolute terms, the 1990 Gatt figures - the relevance of which the Community disputes - showed that the US was ahead. But they pointed out that between 1985 and 1990 the value of EC contracts open to competition increased by 104 per cent under the

code, whereas the value of US contracts decreased by 30 per cent.

New legislation would continue that trend, they claimed.

The US is complaining that one of the laws - the directive covering the supply of equipment for utilities - favours EC manufacturers of telephones and electrical equipment. The Community in turn has attacked "Buy America" legislation which it says gives US manufacturers even more preferential treatment.

The EC yesterday said the US claim that only \$15bn of public procurement was covered by the Buy America laws was dubious as the figure did not include lucrative transport and energy contracts, which gave a 25 per cent price preference to US companies, and demanded local content of between 50 and 60 per cent.

EC officials also emphasised that many US contracts called for 20 per cent of the work to go to US companies.



Brittan: contracts advertised

Japanese raise car prices in US

By Charles Leadbeater in Tokyo

SEVERAL Japanese carmakers have unexpectedly raised prices in the US in an apparent effort to head off protectionist pressure building up against them.

The recent increases by Toyota, Nissan, Honda and Mazda were in addition to the normal price rises made when models are changed.

An executive at a leading carmaker said: "These increases were mainly political. We are better able to head off protectionism if we can point to recent price increases."

He added that the surge in the yen might force further action but that the first round was not due to currency movement.

The Big Three US carmakers - Ford, General Motors and Chrysler - recently shelved plans to file an anti-dumping complaint against their Japanese competitors.

Nissan increased the US price of its Infiniti luxury car

range by 1.2 per cent in January, and most of the rest of its range by 1.1 per cent. The price of the Altima car went up by 1.5 per cent this month.

Honda, which lifted prices by just under 1 per cent in January, admitted the increases were not normal. Prices normally rise in September when models change. It said the recent price move had been caused by sales and manufacturing cost pressures.

Honda said it would consider further price increases if the yen continued to rise. However, it expects the yen's climb over the past 10 days to be temporary.

Toyota increased car prices of its Lexus luxury brand and other models by 1.2 per cent this month, on top of its normal price increases in October. It blamed the move on rising costs and the yen's strength.

Mazda, which generally raises its prices in August or September, increased the price of its multi-purpose vehicles sold in the US by a further \$500 in December.

Clinton keeps up aircraft pressure

By Nancy Dunne in Washington

PRESIDENT Bill Clinton yesterday went to Seattle, home of the Boeing aircraft company, to dramatise his concerns about the US aerospace and airline industries, and with Vice President Al Gore, to announce the administration's technology programme.

The visit also underscored the president's repeated assertion that US trade policy must play an integral part in economic policy. Boeing, which is planning to make 25,000 workers redundant, has quietly been making known its "continued frustration" with Airbus, its European rival, and its "competitive practices".

That Mr Clinton had received the message was evident in his statement two weeks ago at a televised "town meeting". He set off alarms all over Europe when he hinted that he would not "roll over and play dead" over Airbus subsidies.

The president also mentioned his worries about the US aerospace industry in his State of the Union message.

The US and the EC reached a deal over subsidies last summer. However, Mr Mickey Kan-

tor, US trade representative, said last week that it would be reviewed as part of a larger administration evaluation of trade issues. This exercise might well produce a departure from current policies, he said.

Boeing officials, meanwhile, are angry about what they see is a new "aggressiveness" by Airbus in the North American market. They are complaining about "walk-away" or short-term leases being offered by Airbus. "This represents a huge cost being borne by a company which doesn't have to bear other burdens like development costs," a Boeing spokesman said.

UAL Corp, parent of United Airlines, recently announced an agreement with Airbus which would allow it to return leased jets at no cost for up to a year. Eastern Airlines received an Airbus lease "on very favourable terms", the Boeing spokesman said.

German Chancellor Helmut Kohl yesterday said he was prepared to discuss the issue with President Clinton. Reuter reports from New Delhi. "What about subsidies they give their arms industry, among others?" he said at a news conference at the end of a four-day visit to India.

French rail chaos after protests

By David Gardner in Brussels

THE agreement settling the EC-US row over oilseeds subsidies will stay on the EC foreign ministers' agenda for March 8 despite a French threat to veto it, the European Commission said yesterday.

The French government, facing defeat at parliamentary elections next month, warned the Commission and Denmark - currently EC president - on Friday that it would try to veto the deal if it went to a vote.

The five-year oilseeds dispute with the US was resolved in principle last November on terms much more favourable to the Community than had been expected, together with long-running subsidised food export rows holding up the Uruguay Round world trade reform talks.

"We're concerned that the longer [the draft accord] is left open, the more likely it is that the US will want to renegotiate it," said an aide to Mr Rene Steichen, EC agriculture commissioner.

The commissioner sees delivering the oilseeds accord as an indication of EC support for the separate Uruguay Round package, regarded by EC farm policy-makers as vital to protect the reformed Common Agricultural Policy from challenge by competitors.

Mr Steichen is taking a hard line in insisting the issue be kept on the agenda, but this does not mean it will be pushed to a vote. The aide conceded that a decision could be postponed until April 5, when foreign ministers meet again, eight days after the second round of the French elections.

Mr Pierre Bérégovoy, French prime minister, appeared to be invoking the "Luxembourg compromise" allowing member states to claim overwhelming national interest, when he said his government "will oppose approval of such an agreement by all means agreed between member states".

Major warning to US, Page 5

Brussels defies oilseeds threat

By David Gardner in Brussels

THE agreement settling the EC-US row over oilseeds subsidies will stay on the EC foreign ministers' agenda for March 8 despite a French threat to veto it, the European Commission said yesterday.

The French government, facing defeat at parliamentary elections next month, warned the Commission and Denmark - currently EC president - on Friday that it would try to veto the deal if it went to a vote.

The five-year oilseeds dispute with the US was resolved in principle last November on terms much more favourable to the Community than had been expected, together with long-running subsidised food export rows holding up the Uruguay Round world trade reform talks.

"We're concerned that the longer [the draft accord] is left open, the more likely it is that the US will want to renegotiate it," said an aide to Mr Rene Steichen, EC agriculture commissioner.

The commissioner sees delivering the oilseeds accord as an indication of EC support for the separate Uruguay Round package, regarded by EC farm policy-makers as vital to protect the reformed Common Agricultural Policy from challenge by competitors.

Mr Steichen is taking a hard line in insisting the issue be kept on the agenda, but this does not mean it will be pushed to a vote. The aide conceded that a decision could be postponed until April 5, when foreign ministers meet again, eight days after the second round of the French elections.

Mr Pierre Bérégovoy, French prime minister, appeared to be invoking the "Luxembourg compromise" allowing member states to claim overwhelming national interest, when he said his government "will oppose approval of such an agreement by all means agreed between member states".

Major warning to US, Page 5

Big Seat plant opens

SEAT, Volkswagen's Spanish subsidiary, yesterday officially opened a Pta244bn (£1.4bn) manufacturing plant with a capacity of 1,500 units a day, writes Tom Burns in Madrid.

Mr Clive Griffiths, the plant manager and a former executive of Nissan's plant in Sunderland, England, believes the factory at Martorell, near Barcelona, could be the last large car plant to be built in western Europe. It is the key element in SEAT's 10-year, Pta800bn capital-spending plan. Full production will begin later

this year making a bigger version of the Ibiza model to be unveiled at May's Barcelona motor show.

Seat sales fell 43 per cent last month. Short-term working is in force at its plants in Barcelona and Pamplona with the aim of reducing stocks from 113,000 units at the end of last year to 82,000.

Citroen Hispania, Spanish subsidiary of the French car group, is investing Pta30bn in its plant in Vigo, north-west Spain, to produce a new model in 1996.

Russian traders beat a path to China's door

Tony Walker reviews a rapid growth in business

VALERA, the fast-talking Russian trader, had no doubt he was on to a good thing as he supervised the packing of colourful children's pullovers for shipment to Vilnius, the capital of Lithuania.

"This is a hard business, but it's a good business," he declared. "Believe me, I've been everywhere - Turkey, eastern Europe, Pakistan - but China is the best."

Valera is typical of thousands of east European traders who are streaming to China to buy inexpensive garments to sell in the markets of Moscow and Warsaw, and other former east bloc cities where there is a shortage of affordable clothing. Figures for this informal trade - dubbed as the new Silk Road - do not show up in official Sino-Russian trade statistics but its value is estimated to run into tens of millions of dollars annually.

The rapid growth of this relatively small scale trade - entrepreneurs buy as little as a few thousand dollars worth of items - coincides with an explosion in more formal two-way business between China and the Russian Federation, much of it concentrated in the border regions.

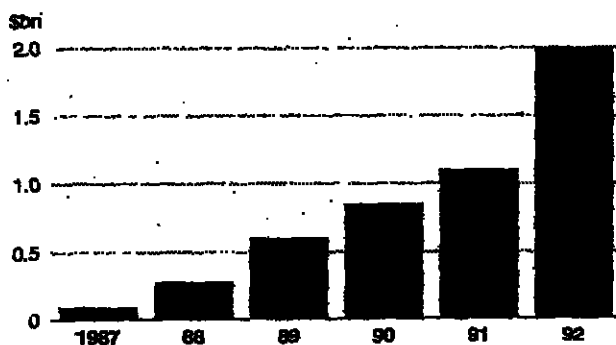
According to Chinese and Russian customs statistics, border trade grew from \$88m in 1987, the year that most restrictions were lifted on cross-boundary commerce, to \$2bn in 1992.

Total Sino-Russian trade last year reached \$6bn with the balance slightly in favour of the Russian side, due in part to arms transfers worth about \$1.5bn.

A Russian official in Beijing said that the flow of goods across Russia's 7,400-km border with China's Heilongjiang province in the east, and the Xinjiang region in the west was fast becoming the most important component of trade between the two countries.

Border trade doubled last year to \$2bn compared with the year before, and it shows little sign of slackening. Much of the trade is conducted by

Sino-Russian border trade



barter and is denominated in Swiss francs. It includes minerals, buildings materials and machinery from the Russian side, in exchange for Chinese food, clothes and electronics.

Joint ventures involving Russian and Chinese entrepreneurs are also becoming a feature of commerce on the frontier. At last count, some 200 Sino-Russian ventures had been initiated, most of them small enterprises such as hotels and restaurants.

Another sign of burgeoning trade links, especially in the border areas, lay in the surge in visitors passing back and forth. In 1992, 700,000 passed through the 20 frontier posts, gates, including the seven established last year.

While a number of these visitors were tourists, most had come to do business. In all, about 1m Russians - including the hundreds of Russian garment traders flying into Beijing each week on Aeroflot charters - visited China last year, an increase of approximately 50 per cent on the year before.

Barriers to even brisker activity on the Sino-Russian frontier include extremely poor communications - telephone calls are still routed through Beijing and Moscow - and the paucity of railway lines in one of the world's most inhospitable regions.

The absence of bridges across the Amur river, which

demarcates the Sino-Russian border in the east, also hinders transportation.

Booming Sino-Russian trade is, as might be expected, causing security problems for the two sides. Chinese border police reported 3,000 arrests along the frontier in 1992, most for smuggling offences. There are also indications that the Russian "mafia" may have begun to collaborate with organised crime in China.

Formal links between the Russians and Chinese have flourished since the lifting of a two-decade freeze in the 1960s and 1970s. Apart from 40 or so representative offices of state organisations perhaps several dozen private companies have recently opened their doors.

But it is on the streets of the capital that the Russians are most visible, especially in the street market that runs along the western flank of Ritan park, near the city's diplomatic quarter.

There, mainly Russian *guoji dao ye*, a slightly derogatory Chinese reference to "international pedlars", spend their days baggling over women's angora sweaters, padded jackets and other textile items. Business is conducted strictly in dollars.

Despite the rapid growth in contacts and business dealings, both sides appear as untrusting and suspicious of each other's activities as their predecessors were during the heyday centuries ago of the Silk Road between China and Europe.

Bührmann-Tetterode nv

KNP Exchange Offer closes on 1st March, 1993.

The Board of Managing Directors of Bührmann-Tetterode nv ("BT") announce that on 19th February, 1993 a shareholders meeting took place in Amsterdam to discuss the Exchange Offer, as made by N.V. Koninklijke KNP on 8th February, 1993, for the shares and depository receipts issued for shares of the company and for the shares in VRG-Groep N.V. and to seek shareholder approval of an amendment to the Articles of Association of the Company.

The proposed amendment to the Articles of BT was duly approved by a majority of shareholders.

Shareholders are reminded that, should they wish to accept the KNP Exchange Offer, applications should be made not later than 3pm on Monday, March 1st, 1993 at the Head Office of one of the following banks.

Pierson, Holding & Pierson N.V.

Internationale Nederlanden Bank N.V.

ABN AMRO Bank N.V.

Bank Mees & Hope N.V.

Rabobank Nederland

Copies of the merger document may be obtained at the Head Offices of the above mentioned Banks in Amsterdam and additionally, can also be obtained in London at the Head Offices of Lazard Brothers & Co., Limited, 21 Moorfields, London EC2P 2HT, and Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN.

Shareholders, who are not familiar with the acceptance procedures that customarily apply on the Amsterdam Stock Market, are advised to contact their stockbroker, custodian banker or the institution through which they originally acquired their shares, in order to make arrangements for acceptance of the Exchange Offer on their behalf.

Shareholders, who do not have a relationship with one of the above, are advised to contact Pierson, Holding & Pierson N.V. at Postbus 243, 1000 AE Amsterdam, The Netherlands. Tel: (010 31) 20 521 1464, for referral to a suitable institution for assistance in making the necessary arrangements.

Pierson, Holding & Pierson N.V. is acting for KNP exclusively in connection with the Exchange Offer, and has no duty to protect any customers other than KNP and no responsibility to provide information or advice concerning the Exchange Offer.



This advertisement has been approved by Lazard Brothers & Co., Limited for the purposes of section 57 of the Financial Services Act, 1986.

Lazard Brothers & Co., Limited is a member of SFA.

Kim chooses ex-general as premier

By John Burton in Seoul

MR HWANG IN-SUNG, a former general, cabinet minister and corporate executive, was appointed South Korean prime minister by the country's president-elect yesterday.

The choice of Mr Hwang indicates the sort of balancing act Mr Kim Young-sam, who will be inaugurated as president this week, is performing in his political appointments.

While Mr Kim has named political and economic reformers as his presidential advisers, he is expected to appoint mainly conservative politicians from the ruling Democratic Liberal Party to fill cabinet positions.

Mr Hwang is a senior DLP official responsible for policy, with emphasis on the economy. He favours stimulative measures to revive the ailing economy and has criticised present tight monetary policy. He opposes the opening of the country's rice market to foreign competition.

Mr Hwang's views on the economy conflict with some of those held by Mr Kim's reform-minded economic advisers. That could indicate a possible struggle between the Blue House, the executive mansion, and the cabinet.

The selection of Mr Hwang was somewhat surprising since Mr Kim, the country's first civilian leader in 32 years, had been expected to appoint someone without a military background to stress the new government's democratic character. But Mr Kim has to appease the majority faction of the DLP affiliated with Mr Roh Tae-woo, the current president and a former general. Mr Kim comes from a minority group within the party.



Hwang: financial and commercial experience

Mr Hwang spent most of his military career in financial administration before serving in the cabinets of Presidents Chun Doo-hwan and Roh during the 1980s.

His appointment will promote harmony within the DLP, and is meant to reduce regional rivalry in the country. Mr Hwang is a native of Cholla region, the most underdeveloped area in South Korea and the stronghold of the opposition Democratic Party.

Mr Hwang was a former provincial governor in Cholla and is one of only two ruling party MPs from that area, which normally gives 90 per cent of its vote to the Democratic Party.

He became the first president of Asiana Airlines, South Korea's second biggest air carrier, in 1988 before returning to parliament.

Yen shoots to high of 116.85 against dollar

By Emiko Terazono in Tokyo

THE YEN yesterday surged to a new high against the dollar of 116.85 yesterday as the Japanese financial authorities continued to show little sign of planning a concerted intervention to check its rise.

In spite of an almost 6 per cent appreciation of the yen against the dollar over the past two weeks, the Japanese authorities have conspicuously refrained from hinting that

they may intervene in foreign exchange markets.

The sharp rise was mainly due to weekend comments by Mr Lloyd Bentsen, US treasury secretary, that he favoured a stronger yen, apparently to help to check off the mounting Japanese trade surplus.

The dollar has plunged by almost 15 per cent over the past two weeks on speculation that the Group of Seven finance ministers meeting in London this weekend may attempt a con-

certed move to push up the yen to correct the trade imbalance.

The Japanese authorities deny that such a move is being planned. However, the government appears, for the time being, to accept the sudden loss of Japanese export competitiveness, even though Japanese industry is suffering from deeply depressed domestic demand.

It is thought the government's willingness to see the yen appreciate is partly designed to send a signal to

the Clinton administration that Japan is prepared to take macro-economic measures to help reduce its trade surplus.

An executive at Sanwa Bank said: "There have been comments concerning the speed of the rise, but not over the level of the exchange rate."

Karen Zogor adds from New York: The dollar continued to react to Mr Bentsen's comments by dropping below Friday's record low levels of ¥116.20. At mid-session it was quoted at about ¥116.40.

government officials maintained a daily commentary on the state of the foreign exchange markets.

There have been comments concerning the speed of the rise, but not over the level of the exchange rate. Karen Zogor adds from New York: The dollar continued to react to Mr Bentsen's comments by dropping below Friday's record low levels of ¥116.20. At mid-session it was quoted at about ¥116.40.

Ministers undismayed by surging currency

The yen's future level is closely linked to performance of the US economy, reports Emiko Terazono

WHILE Tokyo foreign exchange traders have scrambled to buy the yen in hectic trading over the past 10 days, Japan's financial authorities have engaged in a concerted display of calm over the yen's ascent against the US dollar.

The yen has risen by 6 per cent against the dollar in two weeks. But the Japanese authorities have been slow even to hint that they may attempt to check its rise.

During the autumn, when the yen rose as investors took flight from the turmoil in European currency markets, government officials were quick to warn against a rapid appreciation.

Yesterday, officials adopted a relaxed approach. Mr Yoshio Hayashi, finance minister, said there had been no specific steps against the yen's appreciation but he would watch the exchange market closely.

Mr Yuji Tanahashi, vice international trade and industry minister, expressed concern over the rapid rise, but said a dollar-yen rate of ¥117 would be acceptable.

The surge has been fuelled by speculation that the Group of Seven finance ministers meeting in London this week-

end will approve an appreciation of the yen, designed to check off Japan's ballooning trade surplus.

These rumours were given weight over the weekend by comments from Mr Lloyd Bentsen, the US treasury secretary, that he hoped to see a higher yen to help reduce the US trade deficit with Japan.

Japanese officials are strongly opposed to any attempt by the G7 to manipulate the yen in the name of world growth. Yet the Tokyo government's willingness to see the yen appreciate is probably closely related to its concern that its mounting trade surplus, which rose 34.9 per cent to \$5.3bn (\$3.73bn) last month, might sour relations with the Clinton administration.

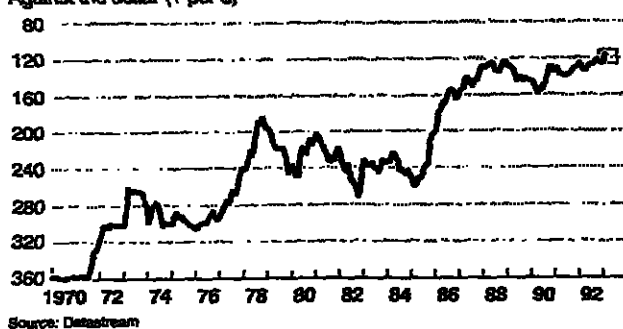
Japan's leaders welcomed last week's state of the union address in which Mr Clinton outlined plans to reduce the US federal deficit.

Japan has insisted that this deficit has been one of the main causes of the trade surplus.

By allowing the yen to rise, Japanese leaders are showing their willingness to reciprocate with a macro-economic approach to reducing the trade

The rise...

Against the dollar (¥ per \$)



Source: Datastream

surplus. Japan wants to avoid a more segmented industry-by-industry approach.

Yet the surge may be short-lived, even though Tokyo economists believe the yen could rise to ¥115.

The currency's rise has been prompted partly by Japanese companies repatriating funds to improve their profits before they close their books at the end of March. After that the demand for the yen might tail off.

In the longer run, much will depend on the performance of the US economy. While the Japanese economy is expected to remain sluggish until the

autumn at least, a sustained recovery in the US would strengthen the dollar.

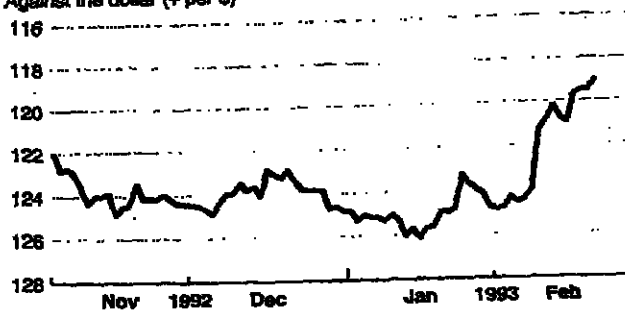
Mr Geoffrey Barker, economist at Baring's Securities in Tokyo, believes the yen could weaken to ¥135 in the medium run.

The Bank of Japan yesterday played down the negative effects of the yen's rise, announcing that the appreciation of the Japanese currency was not a pressing economic concern as long as it was not rapid.

However, a stronger yen will hurt export-oriented motor and electronics industries, which are already being battered by a

And rise of the Yen

Against the dollar (¥ per \$)



plunge in domestic demand. Toyota Motor claims that profits would be eroded by ¥5bn (\$50m) on a ¥1 fall of the dollar.

Japanese life insurance companies, heavy investors in the US dollar bond market, will also face losses on their portfolios.

The yen's appreciation, however, will help the country's banks, which need to clear the capital-to-assets ratio set by the Bank for International Settlements at the end of March, as the value of the banks' overseas assets will fall relative to their yen capital base.

Other beneficiaries should include industries reliant on

imports of raw materials, such as paper and pulp companies and power utilities.

If the impact on Japanese industry is uncertain, the likely effect on Japanese economic policy-making at home is easier to predict.

Manufacturing industry is already deeply depressed. Further pressure on manufacturers' export margins would be extremely unwelcome.

If Mr Miyazawa is to meet their concerns and reduce the trade surplus to head off friction with the US, then further measures to stimulate the Japanese economy would become irresistible.

Christopher's tour takes in Beirut

By Our Middle East Staff

THE US secretary of state, Mr Warren Christopher, acknowledged Lebanon's improved political stability yesterday by including Beirut in his week-long tour of the Middle East. It was the first visit by a US secretary of state to Beirut for nearly a decade.

Lebanon is part of the Middle East peace process launched in October 1991, and its refusal in December to accept 415 Palestinians deported by Israel underlined its new assertiveness. Mr Christopher may have been looking for Lebanese help in solving the problem of the deportees, and an assurance from Beirut that it is committed to a quick return to the

negotiating table in the US.

The secretary of state was welcomed by Mr Faris Bouez, the foreign minister, who accompanied him into the Ministry of Defence for talks with President Elias Hrawi and Mr Rafik al-Hariri, prime minister.

Mr Christopher had flown from Cyprus to Beirut and was scheduled to complete his visit to the region with two days of talks in Jerusalem with Israelis and Palestinians.

Mr Shimon Peres, Israel's foreign minister, said yesterday that Mr Christopher could agree a date for the resumption of peace negotiations during those talks. However, the Palestinians have said they will not attend while the fate of the deportees is unresolved.

By Stefan Wagstyl in New Delhi

MR Shankar Dayal Sharma, India's president, yesterday condemned attempts to exploit inter-religious tensions for political ends and appealed for a campaign to promote national calm and unity.

"The most important task before us today is to restore confidence and communal amity shaken by the tragic events of December 6 last year (when the Ayodhya mosque was destroyed) and what followed thereafter," the president said on the opening day of a new parliament.

He spoke amid rising tension over plans by the radical Hindu Bharatiya Janata party for a rally in New Delhi on Thursday, defying a government ban. The BJP, whose supporters set off nationwide inter-religious violence by sacking the Ayodhya mosque, yesterday boycotted parli-

ment over the arrest of some of the thousands of demonstrators en route to the capital.

The police have reinforced checkpoints at New Delhi's borders and have orders to stop demonstrators in their home towns and urging others to try to get through the cordons and attend the rally in New Delhi.

BJP MPs yesterday demonstrated outside parliament against the government ban, which Mr L.K. Advani, the party leader, condemned as harking back to the emergency rule imposed in the 1970s by Mrs Indira Gandhi.

The row over the planned rally has overshadowed the 1993-94 budget, to be presented by Mr Manmohan Singh, finance minister, on Saturday. It will give the government a chance to try to put economic reform back at the centre of its agenda. But the likelihood of immediate success is small, given the passions aroused by the religious conflict.



BJP party members with their leader L.K. Advani, centre right, boycott the president's address opening India's budget session. They are protesting at the ban on a rally they plan for Thursday

India's president calls for national unity

UN medicines sent to Kabul

THE United Nations sent a convoy of trucks carrying 16 tonnes of medicines and blankets for the thousands of wounded to the shell-shattered Afghan capital Kabul yesterday despite the lack of a permanent ceasefire. Reuter reports from Islamabad.

Mr Sotirios Mousouris, the UN's special envoy, said he had decided not to wait for a formal ceasefire from the two main warring factions of President Burhanuddin Rabbani and his arch rival Gulbuddin Hekmatyar, chief of the dissident hardline Hezb-i-Islami party.

More than 1,000 people have been killed and 6,000 wounded in a month of rocket and artillery bombardments between the two sides.

Both the main warring parties agreed on Friday to a UN request for a 72-hour ceasefire in Kabul to allow the evacuation of badly wounded civilians and a shipment of medical supplies but have still to set a date and time.



Simple instructions for changing your "spare tyre:"

1 Burn more calories.

Studies show that the combined use of your upper and lower body during exercise burns more calories in less time. Unlike many ordinary fitness machines that only work your lower body, Exerskier™ is a total-body exerciser.

2 Put Exerskier to work for you.

Adjustable upper- and lower-body resistance settings allow you to fine-tune your own workout and burn maximum calories. A U.S. and German patented flywheel and one-way clutch mechanism provide a safe, effortless motion.

3 Take just 20 minutes a day, three times a week.

With Exerskier there's no need to drive, health club. You can work out in the comfort of your own home. Exerskier is a superior cardiovascular workout that targets all the major muscles in your per cent



Editor in-home trial!

World Weather Skier by NordicTrack Fitness

FREE Brochure and Video!

Call our FitnessLine

0800 616179 Ext. FT4B3

M-F 9AM to 8PM, Sat. 9AM to 1PM

Please send me a free brochure

Also a free videotape (VHS PAL)

Name: _____

Address: _____

Post Code: _____

Telephone: _____

1993 NordicTrack Ltd. All rights reserved. FT4B3

HK airport project hits turbulence again

New chief executive is confident of government support, writes Simon Holberton

THE ATTEMPT to build a new airport for Hong Kong claimed its second victim last week when Mr Richard Allen, the Provisional Airport Authority's chief executive, was replaced by Mr Hank Townsend, a senior executive with Bechtel International, the US construction company.

The airport was high on the list of reasons which led Mr John Major, Britain's prime minister, to announce at the end of 1991 that Lord Wilson, the colony's governor, would be replaced. Mr Chris Patten was appointed last April.

But the project, which in different ways came to obsess Lord Wilson and Mr Allen, remains what it has always been: the safeguard of Hong Kong's future as southern China's premier port. Together with its related infrastructure projects - land reclamations, a railway, and roads - it is one of the biggest single projects of its kind in the world.

In spite of the benefits to both China and Hong Kong, the airport has been one of the casualties of the present row between Britain and China about the colony's political development.

The apparent thaw in Sino-British relations, which is expected to result in the resumption of negotiations about Hong Kong's political structure, may end with China stamping its seal on the overall financing of the project. If agreement can be reached the general expectation is that the dispute about financing can be settled very quickly.

The annual rate of consumer price inflation edged above 10 per cent in Hong Kong last month, the first time in almost a year. Simon Holberton writes.

The Hong Kong government, however, sought to play down January's rise, at an annual rate of 10.1 per cent, in the CPI(A), the broadest measure of price movements in Hong Kong. It attributed the rise to seasonal factors, notably the timing of this year's Lunar New Year holiday which occurred at the end of the month.

Hong Kong has suffered a chronic inflation problem for the past few years which is mainly attributable, economists and government officials say, to the structural changes that are taking place in the colony's economy.

But in the absence of an agreement, the project exists in a curious twilight world where, in spite of the diplomatic impasse, work proceeds on projects that do not need China's agreement. The Hong Kong government has let HK\$21bn (£1.82bn) of these contracts, covering bridge construction, land reclamation and roads. According to officials they are on time and about \$2bn under budgeted estimates.

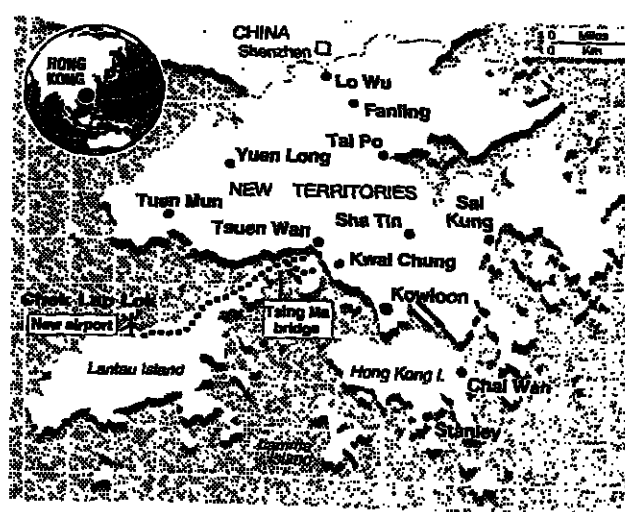
Although all are important pieces in an integrated infrastructure development plan encompassing nine "core" projects, the two most important ones - the airport itself and its connecting railway - are far less well.

The airport proper is like a patient on limited life support. Funding for the PAA's headquarters will run out at the end of June. If Britain and China cannot agree terms and the Legislative Council, the local law-making body, refuses to vote it more money - which it came very close to doing last November - then the PAA may not be able to pay salaries and may have to lay off staff.

Mr Townsend, who moved into the chief executive's office at the PAA last Friday, does not like to talk about such an eventuality. He simply states: "The government is committed to the project."

As if to underline the increasingly surreal nature of the PAA's position, construction of the airport platform on Chek Lap Kok, a small island to the north of Lantau, proceeds apace. The HK\$9bn contract, which was awarded to an Anglo-Chinese consortium at the end of last November, is now three months into the 41 months allocated for the preparation of the site. It is fully protected financially and will proceed even in the absence of further funds for the PAA.

Mr Townsend says that in spite of a three-month delay in awarding the contract, the PAA and the contractor have been able to keep to "critical turnover days" ensuring that areas of the site will be ready on time for facilities to be erected. Detailed design work on Sir Norman Foster's vision of the terminal complex is also proceeding - an effort designed to make the terminal as "passenger-friendly" as possible.



sible ensuring the smoothest procession from aircraft, through immigration and baggage collection to customs.

The uncertain political outlook has, however, led the PAA to hasten slowly in holding final tenders for large-scale airport services, such as cargo handling and aircraft maintenance. These franchises need Beijing's agreement before the contracts can be awarded.

Similarly the airport railway, some preliminary design work is being done and staff are being recruited but until China approves financing, the Mass Transit Railway is treading water.

With Beijing's response uppermost in mind, the government has still to decide whether to call tenders for the Central and Wanchai reclamation, part of which will be used for the airport railway's terminal.

Another important project is also stalled. The Hong Kong government is still in negotiations with Wharf and CITIC Hong Kong, one of Beijing's biggest companies in the colony, about the construction of the Western Harbour Crossing, a tunnel linking Hong Kong with a reclaimed site in west Kowloon.

This contract involves awarding an operating franchise to the companies, which will need China's approval. CITIC is keeping its head low with no inclination to settle until there is an improvement in Sino-British ties.

Since 1989, when Lord Wilson announced the government plans to build an airport, China has been the critical factor in ensuring its success. More than three years on that remains the case.

NEWS: THE AMERICAS

Clinton's pledge of universal access to care is likely to push up short-term funding needs

US health costs may trigger further tax rise

By George Graham in Washington

CLINTON administration officials are bracing themselves to ask for a second round of tax increases to pay for short-term costs of the healthcare reforms they expect to propose in May.

While healthcare reform is seen as essential to any long-term effort to bring government spending under control, it is expected to cost a consid-

erable amount in the short term, before these savings start to accrue, because of President Bill Clinton's pledge that the reforms will include universal access to healthcare.

About 34m people are excluded from the healthcare net. Most of these are employed but do not receive health insurance from employers, and are not poor enough to qualify for the government-funded Medicaid system.

The General Accounting Office esti-

mates the cost of extending coverage to these people at \$12bn-\$27bn a year, but the Washington Post reports that a study prepared for Mr Clinton before he took office puts the cost at \$175bn over the four years, before savings start to come in.

But without reform, Mr Clinton warned when presenting his economic plan last week, healthcare, mostly on the Medicaid and Medicare pro-

grammes, will absorb 25 per cent of federal government spending by 1998 because of the way in which costs are spiralling at twice the rate of inflation.

In addition, universal coverage is not merely a social goal but an element of a cost containment strategy: one of the problems in the US system is shifting treatment costs of those who cannot pay on to those who can.

Mr Leon Panetta, the budget director, said last week that he expected

some "sin taxes" on items such as alcohol, tobacco and firearms to be increased to pay for the healthcare reform. An alternative would be to reduce the tax deductibility of employer-paid health insurance premiums.

Other cabinet members have been less explicit, saying only that tax increases are an option, but officials acknowledge they will be hard to avoid.

Cuba goes to polls tomorrow

By Canute James in Kingston

CUBANS will vote tomorrow for national and provincial legislators for the first time since President Fidel Castro took power in 1959. The vote, described by the government as a step towards electoral reform, is unlikely to mollify Mr Castro's critics, who have been advocating multi-party elections.

There will be only one candidate, officially approved by the Cuban Communist party, for each of the 589 seats in the National Assembly and 1,190 delegates to the provincial assemblies.

The Cuban leader, however, has been using the event to deflect attention from the country's parlous economic condition. In several campaign speeches over the past fortnight he has described the election as an opportunity for Cubans to send a message of defiance to the US - to "send a firm message to the enemies of the revolution, to the imperialists, that this is a united and strong people".

Although no candidates from dissident groups will be allowed to stand, the government is reported to be con-

cerned at the possibility of a protest vote through a high number of blank ballots.

Candidates receiving less than 50 per cent of the votes cast will be eliminated and new elections held for the post.

Government officials say the vote is part of a programme of electoral reform which started in December with local government elections. All candidates then were also approved by the Communist party.

President Castro has predicted that tomorrow's election will underline "the triumph of the revolution". He has said that Cuba's electoral system combines "all the virtues of democracy without all the vices and corruption".

Cuba's economy has been under pressure since the break-up of the Soviet Union, once the island's main benefactor. A shortage of fuel has affected public transport and power generation, while the country has not been able to import sufficient food, medicines or agricultural chemicals.

In recent months Cuban officials have repeatedly blamed the 32-year-old US economic embargo for the island's problems.

Major treads softly in special new relationship

By Philip Stephens and George Graham

MR John Major, the British prime minister, will tomorrow warn President Bill Clinton that any attempt by the US administration to re-open last year's US-EC farm trade accord would wreck hopes of a successful conclusion to the Gatt trade talks.

As Mr Major prepared for his first meeting with President Clinton, senior British officials said that he regarded a commitment not to unpick the so-called Blair House accords on agricultural subsidies as an absolute pre-condition for an eventual agreement to wind up the Uruguay Round.

Mr Major hopes in tomorrow's White House talks to present himself as an honest broker in resolving the latest range of trade disputes between Brussels and Washington.

In that capacity he will warn that several EC states - most notably France - would seize on any fresh US doubts about Blair House to unravel the farm trade deal and wipe out prospects of a global trade agreement. The prime minister will make much of the damaging impact that would have on international economic growth prospects, particularly in the developing world.

The stalled Gatt talks - and the separate US-EC disputes over European steel exports and public procurement policies - will take up much of the scheduled six hours of talks between the two leaders. Britain has welcomed President Clinton's decision to seek an extension from Congress of fast-track authority for the trade talks. Mr Major will emphasise that he believes a deal is still possible this year.

Foreign policy issues may prove less contentious at this week's meeting than previously feared. Mr Clinton's position on Bosnia has shifted since he took office in the direction favoured by the UK, although he is understood to remain anxious to do more to reverse ethnic cleansing.

One such action might be the plan Mr Clinton floated over the weekend to parachute food and medical supplies into areas of Bosnia that have been cut off from relief by road.

But Mr Clinton is not expected to press ahead with this proposal, which is not viewed favourably by United Nations forces in the region, until he has met with Mr Boutros Boutros Ghali, the UN secretary-general, today.

Despite the narrowing of

FEARS of large tax increases on British companies

operating in the US are to be voiced by a senior delegation from the Confederation of British Industry in meetings with US government officials this week, writes Tim Burt.

Sir Michael Angus, CBI president, and Mr Howard Davies, director general, are flying to Washington today to seek clarification from the Clinton administration about how corporate tax changes unveiled in last week's State of the Union address could affect UK companies. With investments totalling \$106bn (£74.6bn), UK companies are the largest overseas investors in the US.

Initial fears that President Bill Clinton was aiming to raise \$45bn in additional taxes over four years eased when the figure was revised down to \$3.8bn over six years.

Anglo-American differences over Bosnia and a striking unity of purpose in the two countries' approach to Iraq, Mr Major's officials continued to display considerable nervousness ahead of their first meeting.

Amid fears that Mr Clinton might undermine Britain's claim to its much-prized special relationship, the officials took the unusual step of distancing Mr Major from help offered by the Conservative party to former President Bush's election campaign.

The officials said that the despatch last year by Conservative Central Office of advisers to help the Bush campaign was approved by Sir Norman Fowler, the party chairman, without the knowledge of Mr Major.

In a Washington still preoccupied with the economic plan that Mr Clinton presented to Congress last week, Mr Major's imminent arrival has yet to cause more than the faintest of blips on the political radar.

While a congressional group led by Congressman Thomas Manton of New York is seeking signatures for a letter urging Mr Clinton to make Northern Ireland a top priority in US-UK relations, the president's campaign pledge to appoint a special envoy has so far elicited only a distant echo.

The suggestion that Mr Thomas Foley, the Speaker of the House, might be that envoy has been discounted by Mr Foley's office, which notes that the Speaker will have quite enough work getting Mr Clinton's economic programme through Congress.



President Bill Clinton spells out his policies to business leaders from Silicon Valley, California, on Sunday evening

Many banks are returning to their roots.



Thank goodness there's one bank with its roots in the world.

Domestic problems and changing financial circumstances are causing many banks to re-evaluate their positions. And some are pruning their international networks and services to concentrate on so-called core-business.

For ABN AMRO Bank, the core-business is the customer. Even in difficult circumstances. And we are determined never to drift away from the creed which has been our successful guiding policy since our foundation in Holland, nearly two centuries ago: stay close to the customer, listen to his needs, and provide the very best banking solutions and facilities. With the present internationalisation, ABN AMRO Bank maintains that banks should guarantee their customers a working network. Under all circumstances.

For us that is not a matter of choice; it is an obligation. And it is an obligation which we are meeting. Demonstrably. We already have 1922

branches in 53 countries. And during 1993, we shall be opening 34 more. Including full-service branches in Prague, Budapest, Madras, and Shanghai. And representative offices in St. Petersburg, Kiev, and Ho Chi Minh City. All examples of our continuing policy of investing not only in branches, but also in quality and integration.

Our world-wide network and - in our view more importantly - international mentality, puts us firmly in the First Division of World Banks. Strengthening that position is only possible by listening to our clients. And by expanding to become the world's local bank.

CREATING THE STANDARD IN BANKING

ARGENTINA, ARUBA, AUSTRALIA, AUSTRIA, BANGLADESH, BELGIUM, BRAZIL, BRITISH WEST INDIES, CANADA, CHINA, ISLANDS, CYPRUS, CZECH REPUBLIC, DENMARK, ECUADOR, FRANCE, GERMANY, GIBRALTAR, GREAT BRITAIN, GREECE, HONG KONG, HUNGARY, INDIA, INDONESIA, ISRAEL, ITALY, JAPAN, KOREA, KUWAIT, LEBANON, LIECHTENSTEIN, LUXEMBOURG, MALAYSIA, MEXICO, MONACO, NETHERLANDS, NETHERLANDS ANTILLES, PAKISTAN, PANAMA, PARAGUAY, PEOPLES REPUBLIC OF POLAND, PORTUGAL, RUSSIA, SAUDI ARABIA, SINGAPORE, SPAIN, SRI LANKA, SURINAME, SWEDEN, SWITZERLAND, TAIWAN, THAILAND, TURKEY, UNITED ARAB EMIRATES, UNITED STATES OF AMERICA, URUGUAY, VENEZUELA, VIETNAM, VIETNAM IS.

Taiwanese want F-16 trade-off

Washington appoints aid co-ordinator

TAIWAN will seek aerospace technology from the US as part of its purchase of 160 F-16 jet fighters for about \$6bn, Taiwanese officials said yesterday, Reuters reports.

The government will ask General Dynamics, which makes the aircraft, to provide local companies with technology to repair and produce parts when company executives visit Taiwan early next month.

"Such an offset agreement would not only expand business opportunities for our companies, but help us improve maintenance for military aircraft," said Mr David Chu, head of the Taiwanese cabinet's Committee for Aviation and Space Industry Development.

The US gave permission last September for the F-16s to be sold to Taiwan. Taiwan's parliament approved the first instalment of the purchase price last month, but adopted a resolution requiring the government to negotiate technology transfers that would let Taiwanese companies produce parts worth at least 10 per cent of the contract.

The island is eager to develop its fledgling aerospace industry.

THE Clinton administration yesterday appointed a new co-ordinator of US aid to the former Soviet Union, less than a week after the current co-ordinator said Russian President Boris Yeltsin's days in power were numbered. Reuters reports from Washington.

The new co-ordinator is Mr Thomas Simons, the US ambassador to Poland, who will replace Mr Richard Armitage, a Bush appointee who is likely to stay in office until April or May.

The administration has sought to distance itself from comments by Mr Armitage that he expected Mr Yeltsin to be ousted before his presidential term ends in 1996.

When asked whether Mr Armitage's remarks had hastened Mr Simons' appointment, a State Department spokesman said the administration had been working for a month on appointing a new co-ordinator to work for Mr Strobe Talbott, President Bill Clinton's designated ambassador-at-large to the Commonwealth of Independent States.

The spokesman said Mr Simons would take over from Mr Armitage "as soon as he can wind up affairs in Poland".

NEWS: UK

Bankers back call for debt register

By John Gapper

THE British Bankers' Association said yesterday that it supported in principle a call for a register of corporate loans to prevent lending to companies with excessive debt.

Sir Nicholas Goodison, the association's president, told a BBA briefing in London, however, that it was unclear whether such a register was practical.

The BBA is considering how complete such a register could be. It believes that because London is an international financial centre, it will be difficult to catalogue all forms of borrowing.

The Foreign Banks and Securities Houses Association has sent a proposal to the Bank of England and the BBA, which hints that overseas banks may reduce their commitment to London if a register is not created.

Mr Brian Pittman, chief executive of Lloyds Bank and BBA vice-president, said that the BBA had to decide whether an incomplete register would be a benefit. "If it lured a bank into lending without knowing all of a company's borrowing, then it would be a danger," he said.

The BBA also warned that "free" banking for personal customers who remain in credit is being put at risk by high street banks' efforts to stop subsidising loss-making business from other profits.

Sir Nicholas said that free banking was "not likely to be sustainable" because of banks' moves to end cross-subsidies. "If somebody is providing a service, why shouldn't they charge for it?" he said.

Digital unlikely to close Irish computer plant after US talks

By Tim Coome in Dublin

THE Irish government has apparently succeeded in its attempt to save the Galway plant of a Digital Equipment Corporation manufacturing plant in the west of Ireland.

The US computer manufacturer is poised between concentrating production of its new personal computer range at either the Galway plant, or a

similar one at Ayr in south-west Scotland as part of its retrenchment plans in the European market.

About 1,000 jobs are at stake at each plant and both UK and Irish governments have been lobbying Digital to sway the decision in their favour.

A high-level Irish government delegation that met in Boston, Massachusetts, yesterday with top Digital executives

has apparently succeeded in its attempt to save the Galway plant.

A decision on the plants, which make mini-computers and PCs, is expected this week. But Mr. Rudi Quim, the Irish minister for employment and enterprise, who led the Irish delegation, said the meeting was "productive and satisfac-

tory". He added, "we now expect the Galway plant to stay open in some shape or form".

Mr. Quim presented Mr. Robert Palmer, Digital's chief executive, with new proposals, which according to the Industrial Development Authority in Dublin included a plan to locate Digital's European headquarters at Galway.

According to a government spokesman, Mr. Quim emphasised that should Digital choose the Ayr plant, the growing Euro-scepticism in the UK, "and within the Tory party in particular, might create problems for Digital in European terms". Mr. Quim also delivered a warning that any attempt to win the computer company's favour by breaking

EC competition rules would be taken up in Brussels.

Before leaving for Boston, Mr. Quim said: "Stories to that effect have been conveyed to us from different sources although we have received no absolute confirmation of them."

About 25 per cent of Digital's annual European sales of \$40m are in the UK, and around

\$400m of these are government contracts.

If a reorganisation of manufacturing production between Ayr and Galway now goes ahead instead of plant closure, it is thought likely that Galway is most likely to retain its software, marketing and research and development activities which employ around 350 people.

FT LONDON MOTOR CONFERENCE

Germany may cut UK components lead

By John Griffiths

UK MOTOR component makers were warned yesterday that Germany could soon start to close a unique "window of opportunity" for them to lead Europe in quality and productivity created by the presence in Britain of three Japanese car plants.

The Nissan, Toyota and Honda plants - expected to be producing a combined total of at least 600,000 cars a year by the late 1990s - had already created a quality and productivity "revolution" in the UK industry, Prof. Daniel Jones, professor of motor industry management at Cardiff Business School told the Financial Times London Motor Conference yesterday.

But he added that German vehicle and parts makers, facing a collapsing domestic market and soaring labour and other costs, had begun rapidly to adopt Japanese methods of lean manufacturing and attaining "world class" quality and productivity standards.

"The Germans have lapped up the message with alacrity but the effects have yet to be

become visible. The UK has a head start which has got to be used," he said.

Prof. Jones, joint author of the best-selling motor industry management book, *The Machine that Changed the World*, is a member of a team which has recently completed a study of Japanese and UK component suppliers.

The study concluded that the best Japanese components plants had twice the productivity and 100 times better quality than other - mainly UK - suppliers it examined.

Prof. Jones said "lean" principles could be applied to double productivity across most UK manufacturing industries.

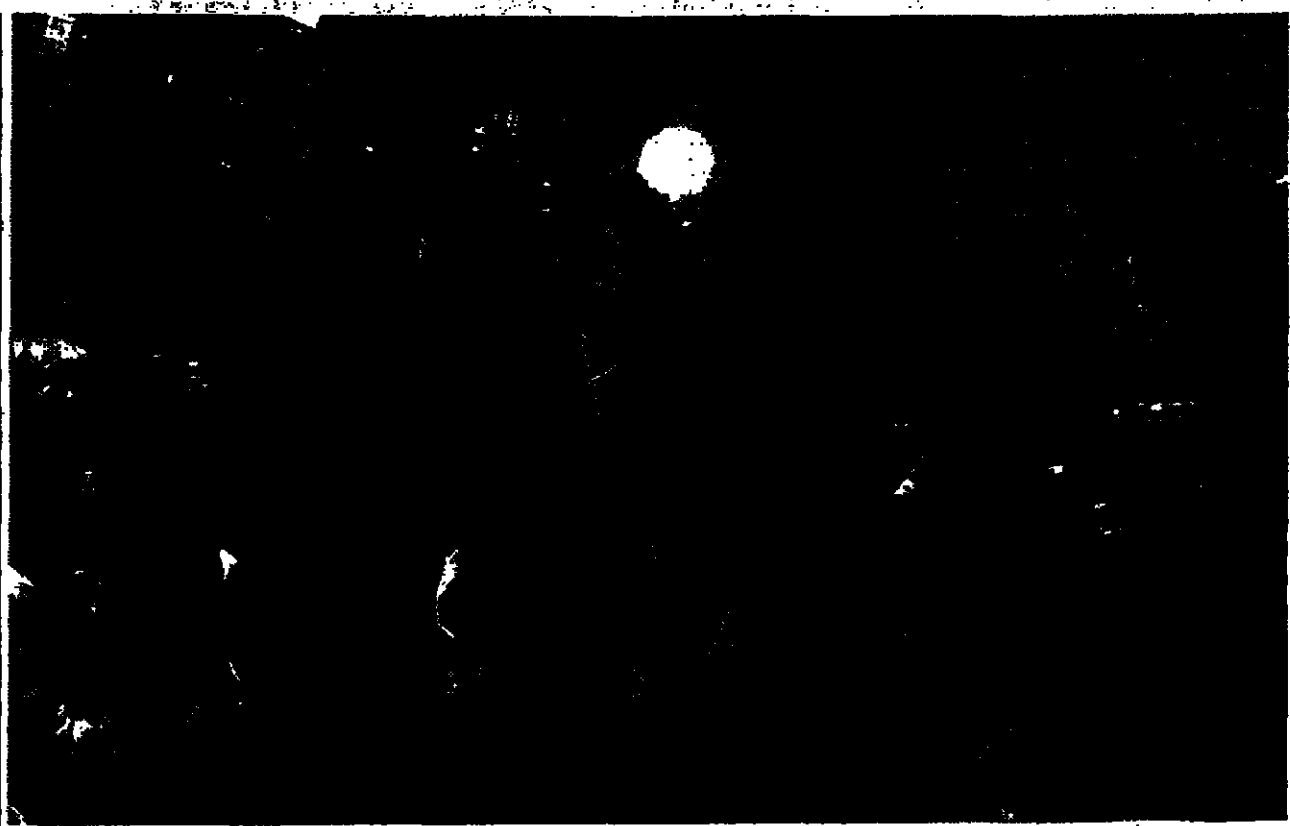
German component companies "are already slashing domestic prices dramatically in order to protect their market", according to Prof. Garel Rhys, who holds the Society of Motor Manufacturers and Traders chair of motor industry economics. They were seeking to respond to what Prof. Rhys calculated was a price advantage for a revitalised UK component industry of up to 30 per cent helped by sterling's devaluation post ERM.

Prof. Rhys warned that European car prices were set to be driven down in real terms by Japanese car makers en route to a possible 30 per cent market share.

An average employee needed to work 15 weeks to buy a typical car in Japan, 21 weeks in the US, but 27 weeks in Europe. As a result, "the next decade will see a degree of competition in Europe the like of which has not been seen since the late 1920s and early 1930s."

This would lead to further restructuring of the European industry, in which UK-based manufacturers would have a significant role as a result of Japanese transplants and increased efficiency. UK car output by the year 2000 could be as high as 2.5m, he predicted, compared with 1.5m last year.

● Ford is encouraging its dealers to set up mobile units to service customer cars at homes or offices as part of a strategy to win back more than \$500m of after-sales and service business on Ford vehicles which it calculates goes to rivals outside Ford's dealer network.



The case of Jamie Bulger, a two-year-old murdered in Liverpool, has prompted a national debate on crime. Mr. Tony Blair, Labour opposition spokesman on home affairs (above), yesterday launched new proposals aimed at curbing violence. Joe Rogaly, Page 16

British economy records tenth quarter of recession

By Gillian Tett and Peter Norman

FALLING output in manufacturing and services dragged Britain into its tenth quarter of recession at the end of last year - making this the longest period of economic decline since the Second World War.

Although increased oil and gas production resulted in a very slight increase in gross domestic product during the second half of last year, the Treasury yesterday declined to say the recession had ended.

Instead, a spokesman pointed to the continuing decline in on-shore activity which affects the overwhelming majority of people and said that figures yesterday from the Central Statistical Office showed "that the economy has been broadly flat since the end of 1991".

The CSO said yesterday that seasonally adjusted GDP - the

broadest measure of economic activity - was 0.2 per cent higher in the last three months of 1992 than the previous quarter, but 0.1 per cent lower than in the final quarter of 1991.

Without oil and gas, output showed a small decline. Between October and December it fell by 0.1 per cent compared with the previous quarter and by 0.2 per cent against the same period in 1991.

The latest quarter was the ninth consecutive quarter in which on-shore GDP recorded a fall compared with the previous quarter. Compared with the previous quarter, GDP excluding oil and gas has fallen in 9 out of the 10 past quarters.

Output during 1992 as a whole was 0.5 per cent lower than 1991. Excluding oil and gas, GDP was 0.7 per cent below the previous year's level, the CSO said.

From its cyclical peak in the second quarter of 1990 to its

trough at the middle of last year, overall GDP fell by 4 per cent. GDP excluding oil and gas has fallen by 2.5 per cent in the period to the end of last year. This is still short of the 6.2 per cent drop in non-oil GDP recorded in the 1979-81 recession.

Yesterday's GDP figures were slightly better than expected in the City. Nevertheless, Mr. Robert Lind, an economist at UBS Phillips & Drew, said he expects "a further decline in on-shore GDP in the first quarter of 1993". For the whole of this year independent economists predict growth of around 1 per cent led by manufacturing.

A report published yesterday, however, by Business Strategies, a consultancy, warned that manufacturing will provide only a modest lift and that high unemployment will pose a "huge burden" until into the late 1990s.

Regulator backs the 'dash for gas' policy

By Michael Smith

PROFESSOR Stephen Littlechild, the electricity regulator, will today rebut criticism of his support of the "dash for gas" with a ringing endorsement for gas-fired power in a significant setback to the coal lobby.

In his report Professor Littlechild roundly rejects the argument that the growth of cheap gas stations should be resisted back to help boost demand for coal and save a substantial number of the 51 threatened pits.

Professor Littlechild's counter-blast follows sustained criticism from companies including the electricity generators and British coal that his initial report on the subject, issued last December, was deeply flawed.

Although the government was already sceptical about its ability to stem the dash for gas, Prof. Littlechild's conclusions make even less likely that the government will use its legislative powers to prevent more gas-fired power stations being built.

The growth in gas-fired power is largely responsible for a sharp fall in the demand for coal.

Prof. Littlechild's review comes as the government struggles to finance a review into the future of coal prompted by the October 13 decision to close 51 pits. A policy document, originally promised this month, is unlikely before the second week in March.

Some electricity market analysts believe that unless it tackles either gas or nuclear power, it may be unable to save enough pits to satisfy Tory MPs who have opposed the government's plans.

Branson sets BA deadline

By Michael Cassell, Business Correspondent

MR RICHARD BRANSON, the head of Virgin Atlantic, yesterday gave a 24-hour deadline to British Airways to agree compensation for the damage inflicted on his airline by BA's "dirty tricks" campaign to force the threat of renewed legal action.

Virgin has set previous deadlines as part of its tactics to reach an early settlement with BA, following last month's £20,000 libel victory against its competitor. On each occasion, however, the airline has been prepared to let talks continue in the hope that a breakthrough could be made.

But the smaller airline last night appeared poised to break

off talks and pursue its threat to pursue through the courts claims against BA of anti-competitive activities. Mr. Branson said that, without progress towards an agreement over the next 24 hours, "there is no point in carrying on".

If progress is not made today, Mr. Branson will come under pressure to declare the talks over and embark on an alternative course of action.

Last night, BA said it agreed to make no comment on the talks and that it did not intend to respond to Mr. Branson's remarks.

Talks began three weeks ago in an air of optimism, involving Mr. Sid Pennington, managing director of Virgin Atlantic, Mr. Trevor Abbott, financial adviser to Mr. Branson and Mr.

Robert Ayling, BA's newly appointed group managing director.

But relations between the two sides deteriorated a week ago, following the disclosure of a letter from BA to Virgin, setting out proposals to settle the dispute. Virgin said the terms - which included a £2m payment - were not acceptable.

Neither airline is anxious for the dispute to continue any longer, as fresh legal action would be time consuming and immensely costly. Virgin has said throughout, however, that it will consider mounting anti-competitive cases against BA.

In both the US and Europe, unless compensation could be agreed alongside new ground rules for competition between the two airlines.

Britain in brief



Nissan faces court move by Botnar

Mr. Octav Botnar, who faces fraud charges in connection with the tax affairs of Nissan UK, his car distribution company, has begun High Court action to recover £6m from Nissan, the Japanese car manufacturer.

Nissan UK is claiming the Japanese company has defaulted on an agreement to pay the money for sales and marketing support in connection with sales of its R30 model range. Nissan denies such an agreement ever existed.

Mr. Botnar lives in Switzerland and has refused to return to Britain since police issued an arrest warrant concerning the tax affairs of Nissan UK.

Losses likely on property

The Corporation of London will lose £5m of revenue in this financial year as a result of "constructive vandalism", the damage inflicted on buildings by owners to avoid paying rates, according to DTZ Debenham Thorpe, property advisers. The practice of stripping out buildings in this way is a response to the poor letting prospects in the City and the continuing rates bill incurred by empty property, which is levied at half the rate of occupied property.

New OfTel chief named

The eight-month search to find a new director general for OfTel, the telecommunications industry watchdog, has ended with the appointment of Mr. Don Cruickshank, chief executive of the National Health Service in Scotland.

The long-delayed appointment reflects the determination of Mr. Michael Heseltine, the trade and industry secretary, not to appoint a civil servant or academic but to choose a candidate with broad business experience.

Test torment

The torment of the England cricket team at the hands of India is set to continue following another early order collapse in the third and final Test match at Bombay. Facing their third consecutive defeat, England were restricted by bowler Manoj Prabhakar who took three for 27. England now need to score 344 runs to avoid an innings defeat.

Rig workers evacuated

Thirteen men were flown off the accommodation rig Safe Supporter, taking the evacuation total to 400 in one of the biggest helicopter airlifts in North Sea history. The men were evacuated following a nine-hour operation at the weekend when bad weather forced the Safe Supporter to disconnect from the Lomonosov gas platform and pull away. The operation involved 14 helicopters which airlifted 387 workers to safety.

New from Lombard

THE Classic 90 account

A new account designed specially to provide all the benefits you could want for your savings.

HIGHER RATES OF INTEREST

FOUR LEVELS OF HIGH INTEREST - The more you put in the higher the rate of interest your money will earn. As your balance increases so will your interest.

ACCOUNT BALANCE	GROSS RATE	C.A.R.*
\$5,000 - \$9,999	6.50%	6.66%
\$10,000 - \$24,999	6.625%	6.79%
\$25,000 - \$49,999	6.75%	6.92%
\$50,000+	6.875%	7.05%

* The Compound Annual Rate is the true annual return on your savings if the full quarterly interest is reinvested in the account. No interest is earned when the balance falls below \$5,000.

SPECIAL INSTANT ACCESS

Our special instant access facility allows you to make one withdrawal each year of up to 10% of your balance without giving notice and without incurring a penalty. You are not limited to the one penalty free withdrawal - you can make other withdrawals without penalty simply by giving 90 days notice.

CONFIDENTIALITY

You have Lombard's assurance that your Classic 90 account will be opened in complete confidence.

Lombard offers a range of services to help you manage your money. For more information, contact your nearest Lombard office or write to Lombard House, 3 Princes Way, Redhill, Surrey RH1 1NP, England.

Lombard

DEPOSIT ACCOUNTS

To: Neighbourly Centre, Lombard House, 3 Princes Way, Redhill, Surrey RH1 1NP, England. Tel: 0181 871 1111. Fax: 0181 871 1112. Telex: 940000 LOMBAR. E-mail: lombard@compuserve.com

NAME (Mr/Ms/Ms/Ms)

ADDRESS

Postcode

City/Town/Village

Country

By post to: Lombard House, 3 Princes Way, Redhill, Surrey RH1 1NP, England.

MEET THE LEADERS

OF THE FRENCH FRANCHISE INDUSTRY IN PARIS AND SHARE IN THEIR SUCCESS.

Investors make the trip to Paris!

MANY FRENCH FRANCHISORS ARE TURNING TOWARDS FOREIGN INVESTORS WITH THE OBJECTIVE OF ESTABLISHING THEIR FRANCHISES THERE, AND ARE CURRENTLY LOOKING FOR FOREIGN INVESTORS.

Long term - MEET YOUR FUTURE BUSINESS PARTNERS AT THE 1993 INTERNATIONAL FRANCHISE EXHIBITION. THE IDEAL EUROPEAN INVESTMENT OPPORTUNITY.

IN LONDON, 22-24 MARCH 1993

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE FULL PRICE OF THE EXHIBITION.

SIF

INTERNATIONAL FRANCHISE EXHIBITION

22-24 MARCH 1993

RC DES EXPOSITIONS DE LA SEINE - HALL 7/1

OF THIS ADVERTISEMENT AT THE EXHIBITION INVESTORS OBTAIN A PREFERENTIAL RATE OF 80% OFF THE

ДЛЯ ОБСУЖДЕНИЯ БИЗНЕСА С 300 000 ВЛИЯТЕЛЬНЫХ РУССКИХ ЗВОНИТЬ **+44 71-873 4797**

(To talk business to 300,000 influential Russians, call +44 71 873 4263)

On October 29th, the Financial Times, in partnership with Izvestia, Russia's leading quality daily, launched 'Financial Izvestia'. A weekly 8-page newspaper, it accompanies Izvestia and is printed on the FT's distinctive pink paper.

Financial Izvestia features the week's key Russian and international business and economic news.

It is essential reading for the 300,000 Izvestia subscribers and readers in and around Russia's commercial centre, Moscow.

To find out more about advertising to these influential people, please contact Dominic Good at the Financial Times on +44 71 873 4263 or fax +44 71 873 3428.

No Financial Izvestia.....no comment.

Is share trading in London on the brink of its next technological revolution?

The first came with the Big Bang reforms of 1986, when the stock market shifted from the floor of the Stock Exchange to the telephone. The next possible step is electronic trading, with computers bringing together buyers and sellers and, in some cases, fixing the prices of trades as well. If that happens, the role of the Stock Exchange and broker-dealers could be transformed.

The latest attack on the current market structure comes from TradePoint Financial Networks, a start-up venture which aims to compete with the renamed London Stock Exchange on a capital base of only \$11m (£7.7m). TradePoint, due to be launched in October, is an order-driven system: anyone who wants to buy or sell shares posts an order on a screen, then waits to see if anyone comes forward to trade against that order electronically.

That makes it an alternative to the dealer-driven (or quote-driven) telephone market, which is based on prices advertised by marketmakers. Buyers or sellers use the telephone to trade, often negotiating a better price than the one advertised (something that happens in 55 per cent of share trades in London of more than £100,000, according to the London Stock Exchange).

Constructing an order-driven or auction market is cheap and technically easy to do. TradePoint reckons it needs to win only 1.5 per cent of London's stock market business to break even.

Off-the-shelf software has helped to cut the cost. TradePoint studied stock market systems offered by Transvik (whose cross-border market in Scandinavian shares, Nordex, recently closed) and OM (the Swedish futures and options market) before picking VCI. This system, developed by the Vancouver Stock Exchange, has been installed in Mexico and Caracas.

The market will be run on a Stratus fault-tolerant computer, under a facilities management arrangement with Eitel Financial. The communications software comes from Ericsson and the screens use Microsoft Windows.

TradePoint is being launched as Instinet, the Reuters-owned electronic dealing system, is renewing its efforts to break into the London market. Instinet, created in 1989 and bought by Reuters in 1991, has 200 terminals in use in Europe, double the number of a year ago, and claims the level of business it is handling has risen six-fold over the same period - though it declines to give absolute trading levels.

Instinet has adopted a lower-risk approach than TradePoint, preferring to depict itself as an alternative

The role of broker-dealer may be transformed with the launch of order-driven systems, writes Richard Waters

Reshaping the trading floor



Mike Sanderson: "All this money is crucial to us, it's managed by computers"

broker rather than an alternative stock market. The only difference with other brokers, it says, is that its users have full access to all the buy or sell orders it has received. With its established base of users in the US, around 90 per cent of trades currently done in London bring together US institutions on the one hand and UK brokers on the other.

Electronic trading systems have been tried before and failed. Markets are fine-tuned mechanisms: they must bring together different groups of users, each with a different interest and a different level of information, in a way that leaves each feeling they have a fair deal. Using technology to replicate an existing market, or to create a new one, poses challenges which go beyond the technological.

A decade ago, attempts were made to launch similar order-driven markets in London for both equities (known as Ariel) and bonds (Eurex). Ariel was created by a group of institutional investors looking for a

way to avoid the high minimum commissions on the London Stock Exchange. When the fixed commission structure disappeared, the impetus behind the system withered. Eurex did not get off the drawing board: marketmakers saw it as a threat to their existence and opposed its creation, according to Stanley Ross, a former head of Deutsche Bank Capital Markets in London, who is now president of TradePoint.

The real reason telephone trading has survived could be more simple. Investors prefer to deal by phone because it enables them to negotiate over price and because the relationships between institutional investors and equity and bond salespeople makes human intermediation an important part of the way markets operate in London.

Why should electronic trading succeed this time round? Two factors have changed since the early 1980s, and both point towards a greater use of technology.

The first is cost. Both broker-dealers and investment managers are under greater pressure, due to overcapacity in the securities markets. As the cost of computing power has fallen, the cost of human dealers has risen. Order-driven systems hold out the promise of cutting out dealers altogether.

However, there is little immediate sign of change. When asked, most investors say they are getting good value out of the London markets. They can generally trade in large volumes instantly, rather than having to wait for another investor to provide the other side of their order. They also say the liquidity provided to the markets by broker-dealers is relatively cheap.

Members of the London Stock Exchange made a return on capital of less than 1 per cent between them in the first nine months of last year. Since the mid-1980s, their best performance was the 15 per cent return in 1989 - a poor return given the big losses they have

shouldered in other years.

Cost considerations have already brought a degree of automation to the existing market. Trade, an automated system run by Barclays de Zoete Wedd, the investment banking arm of Barclays bank, claims around 10 per cent of the total number of bargains passing through the stock market. Orders are submitted to the system by independent brokers around the UK, and are executed automatically at the "yellow stock price" - the best price quoted by any marketmaker in the particular stock at the time.

According to BZW, around 15 per cent of deals received by marketmakers over the telephone are subsequently disputed in some way, involving expensive human intervention after the trade. The error rate on automated trades, by comparison, is "a fraction of 1 per cent".

The second reason electronic trading systems may finally have come of age is that the nature of investment has changed, with computers becoming more involved in decisions to buy or sell stocks.

Index-tracking funds, which seek not to outperform a stock market index but to match it, now account for an estimated 15 per cent of funds under management in London. The newest wave of funds use so-called quantitative investment methods - they analyse stocks for pre-selected properties to try to identify undervalued shares.

"All this money is crucial to us - it's managed by computers," says Mike Sanderson, president of Instinet. As this trend increases, the human intervention of a broker's sales staff becomes less important. Also, computer investment strategies such as index-linking are intended to provide low-cost entry to a stock market, making order-driven trading systems, which cut out the marketmaker in the middle, theoretically attractive.

Instinet has been reshaped to appeal to the new age of computer-based investors - though its commission rates, which are the same as those charged by conventional brokers, may deter some indexed funds.

There is one other overriding challenge the electronic markets face. A natural gravitational force draws investors and traders to markets which are already actively used. Why should they abandon an existing, bustling marketplace for a new, deserted one, whatever the theoretical advantages?

The new trading screens will gather dust if they cannot generate their own activity quickly. Peter Cox, a former Stock Exchange executive who recently joined OM (London), says: "The most important thing is liquidity - and a system, no matter how good, won't get it for you on its own."

Technically Speaking

Setting standards for telecoms

By Alan Cane



damage the standards-setting process.

The issue concerns telecoms standards, intellectual property and the extent to which a company's rights to a proprietary technology can be overridden in the public interest. The Gatt trade talks and the European Telecommunications Standards Institute (ETSI) are among the organisations likely to be affected by the outcome of the Nice meeting.

ETSI was established by the European Commission to handle the highly technical but commercially vital subject of telecoms standardisation. It is made up of telecoms operators (PTTs), national governments, telecoms equipment manufacturers, information technology companies and consultants. Voting is weighted, with the national governments and the PTTs in the majority.

ETSI plays a crucial role in the standards-setting process and, therefore, in the development of the single market where interconnectivity and interoperability of telecoms equipment is essential. Brief acquaintance with Europe's motley collection of telecoms systems is enough to convince anyone of the importance of ETSI's work. All the greater shame that it is in danger of being disrupted by the current squabble.

Standards are essentially concerned with operational rules. Inevitably, they involve products and processes that are the intellectual property of companies which may have invested many millions of dollars in their development.

For most standards-setting bodies - the International Standards Organisation, for example - international property rights licensing is voluntary; the IPR owner agrees to the incorporation of its technology in the standard. If it refuses, the standards body is forced to find a way of setting the standard

without impinging on the IPR. ETSI is taking a different tack. It has written a draft proposal which would allow 90 days from a particular date during which a company may withhold a particular IPR from a standard; if it fails to do so, the technology becomes available for licensing to members and non-members.

Governments and the PTTs, which spend comparatively little on research and development and own few IPRs, seem content with the proposal. IT companies, which sow billions of dollars a year in research and harvest IPRs like wheat, are outraged. Led by International Business Machines, Digital Equipment, Motorola and Philips, they are lobbying for a modified proposal involving voluntary licensing.

The essential problem is the difficulty for any large company of knowing precisely which IPRs or potential IPRs it holds at any one time and which ones may be involved in the standards the multiplicity of ETSI committees are working on. They fear losing their IPRs which becomes a standard is one of the key technological differentiators for IT companies today.

There are arguments that it is a technological problem which could be solved by technology - a computer database, for example, which would match ETSI's work with its members' IPR records. This would be hard to implement in globally spread companies where research is carried out at a multiplicity of sites.

There are other considerations. The IT companies complain the proposal may breach Gatt regulations. EC importers of licensed products manufactured in third countries would be at a disadvantage because the terms available to them would be less good than those available to ETSI members. Some computer companies are so concerned by the proposal they are prepared to withdraw from ETSI rather than risk their intellectual treasures. The commission wrote to ETSI last year encouraging it to opt for a voluntary licensing system, based on "tried and proven principles". It is hard to disagree with its sentiments.

Save up to 50% with ITT Sheraton Sure Saver Rates.

ITT Sheraton introduces two new pricing structures made to simplify travel and save you money.

Sure Savers Business Rates... 5% to 30% off

This option is available from Sunday to Thursday with no advanced reservation or purchase requirement. So even when you book at the last minute you get exceptional prices.

Sure Savers Weekend Rates... 30% to 50% off

We've just made it easier for you to get away on the weekend with special savings when you arrive on Friday or Saturday night. Ask for our special Weekend brochure.

Some examples of our Sure Savers rates:

	Normal Rates	Sure Saver Business Rates	Sure Saver Weekend Rates
Brussels Sheraton Brussels	BF 10600 *	BF 7220 *	BF 4200 *
Istanbul Sheraton Istanbul	US\$ 231.84 *	US\$ 189.66 *	US\$ 145.92 Low US\$ 170.88 High
Lisbon Sheraton Lisbon	ESC 40080 *	ESC 23750 *	ESC 17800 *
Munich Sheraton Munich	DM 430 *	DM 261.25 *	DM 198 *
Paris Prince de Galles	FF 2200 *	FF 1900 *	FF 1450 *
London Park Tower	£ 230	£ 185.25	£ 170 *
London Belgrave	£ 245	£ 156.75	£ 155 *
Bahrain Sheraton Bahrain	BHD 69	BHD 49.40	BHD 42 *
Dubai Sheraton Dubai	AED 770	AED 636.50	AED 465
Cairo Sheraton Cairo	US\$ 129 Low US\$ 143 High	US\$ 106.40 Low US\$ 116.25 High	US\$ 90 Low US\$ 101 High

For reservations, call your travel agent or the following toll free numbers and ask for your Sure Saver rates.

Belgium: 078-113535 France: 05-907635 Germany: 0130-853535
Italy: 1678-35035 Sweden: 020-795835 United Kingdom: 0800-353535

ITT Sheraton

* Includes breakfast. * Includes tax & service charge.
are based on single occupancy except for Sure Saver Weekends. All rates are subject to availability and change without notice.
Sure Saver rates are valid in ITT Sheraton hotels across Europe, Africa and the Middle East, as well as in the USA. Some restrictions apply.

FT

FINANCIAL TIMES CONFERENCES

WORLD PHARMACEUTICALS CONFERENCE

London, 8 & 9 March 1993

This topical conference - the fourth in a well received series - will examine the challenges facing pharmaceutical manufacturers in a changing economic climate and consider how the industry is responding to the need to balance ethics with business interests and to win both political and public confidence.

Speakers include:

Professor Dr Dr Ernst-Günter Afting
Hoechst AG

Dr Max Link
Sandoz Pharma Ltd

Mr Thomas B Cueni
Interpharma

Mr Alain Audubert
Pasteur Mérieux

Mr Robert E Cawthorn
Rhône-Poulenc Rorer

Mr Håkan Åström
Kabi Pharmacia AB

Dr Giampaolo Zambelletti
ELLEM Industria Farmaceutica srl

Mr David Friend
Zeneca Pharmaceuticals

Dr Franz B Humer
Glaxo Holdings plc

Mr Frederick Frank
Lehman Brothers

Dr Frank L Douglas
Marion Merrell Dow Inc

Mr Henry Wendt
SmithKline Beecham plc

A FINANCIAL TIMES CONFERENCE

in association with:

Coopers & Lybrand and Pharmaceutical Business News

WORLD PHARMACEUTICALS CONFERENCE

☐ Please send me conference details
☐ Please send me details about exhibiting at the conference

Financial Times Conference Organisation
162-108 Chertsey Road, London EC1M 5SA
Tel: 071-814 9770. Tlx: 27547 FTCONF G.
Fax: 071-573 3975/3969

Name Mr/Ms/Ms/Other _____ Dept _____
Position _____
Company/Organisation _____
Address _____

Post Code _____ City _____
Tel _____ Country _____
Type of Business _____ Fax _____

FT

FINANCIAL TIMES CONFERENCES

HA

Business
has managed to
industrialize,
modernize,
globalize,
reorganize
and computerize,
yet it hasn't
realized its
potential to
win and keep
customers.

Until now.

cus-tom-er-ize v.t. **1.** To make companies and customers and better able to attract new customers by aligning the organisation's information strategy, to establish a network of branches, booking offices and other points of contact for customer support. **3.** What Unisys does for providing government agencies worldwide with a CUSTOMER-FOCUSED, BUSINESS-CRITICAL SOLUTIONS, MENU

to make company more responsive to its
e to att new ones. 2. To customerize an
strateg g., to extend systems capabilities to
s and r points of customer contact and
does for growing number of companies and
worldwide See CUSTOMER SERVICE, COMPETITIVE
and improve REVENUE GENERATION.

UNISYS
We make it happen.

MANAGEMENT: THE GROWING BUSINESS

Why are Britain's medium-sized companies so willing to give up their independence, asks Charles Batchelor

The temptation to jump ship

Barriers to growth facing the medium-sized company

Ranked by order of significance

1. Overall growth of market demand
2. Increasing competition
3. Management skills
4. Availability and cost of overdraft finance
5. Marketing and sales skills
6. Availability and cost of finance for expansion
7. Skilled labour
8. Difficulties in implementing new technology
9. Acquisition of new technology
10. Access to overseas markets
11. Availability of appropriate premises of site

Source: Cambridge University Small Business Research Centre

How small and medium-sized enterprises fare

Small, class size 1-99

	Number of enterprises	% share enterprises	% share net output
1983	58,166	88.7	11.8
1970	69,095	91.1	13.9
1979	84,229	93.9	14.6
1986	125,503	96.4	19.3

Medium, class size 100-499

	Number of enterprises	% share enterprises	% share net output
1983	5,653	8.6	13.4
1970	5,136	6.8	12.7
1979	4,152	4.6	11.8
1986	3,688	2.8	14.5

Source: Advisory Council on Science & Technology

Berghaus is the sort of company on which Britain's economic recovery should be built. From its base on Tyneside in north-east England the company has established itself as a market leader in the field of outdoor clothing and equipment.

Founded in 1968 by two outdoor enthusiasts, Peter Lockey and Gordon Davison, Berghaus has grown to turnover of £20m (nearly half overseas), pre-tax profits heading towards £750,000 and a workforce of 450 people.

Despite two difficult years Berghaus has emerged as one of those elusive winners for which venture capitalists, bankers and academics search so hard. Then, suddenly, last Wednesday, weeks of speculation ended with an announcement that Berghaus's two founders were selling out to Pentland, a cash-rich sporting and consumer goods company, for £7m.

By coincidence, Derwent Valley Foods, manufacturer of the Philias Fogg snack foods and, in common with Berghaus, based in the north-east, may also be on the point of selling out. The Medonsley Road, Consett company has grown in 11 years to profits of £2m and sales of £24m. It has a workforce of 370.

Roger McKechnie, chairman and managing director, says he has talked to many companies over the past few months in a search for a partner to help the company expand more rapidly overseas. There has been widespread speculation that United Biscuits, a large foods group, might buy Derwent Valley. McKechnie says nothing is excluded.

Berghaus and Derwent Valley are not alone in selling out or considering a sale. British companies are so willing to give up their independence that there is a growing concern at the country's failure to create a core of independent, medium-sized businesses, what the Germans call their *Mittelstand*.

A 1980 study, *Overcoming Barriers to Growth in Large Firms*, by the Advisory Council on Science and Technology (Acost), highlighted the rapid increase in the number of small businesses (employing fewer than 100 people) and a sharp decline in the number of medium-sized companies (employing between 100 and 499 people).

A related recognition by government and policymakers that Britain was poor at growing more substantial businesses has forced a refocusing of business support initiatives. The government's planned network of business advice centres or "one-stop shops" is to concentrate on the established small and medium-sized businesses.

Why cannot these medium-sized companies make it on their own? Their US and German counterparts, by all accounts, grow far larger

without compromising their independence. The reasons are many but several main strands emerge:

● **Finance.** British companies are over-dependent on short-term bank loans and often reluctant to sell equity. This acts as a constraint on growth. When venture or development capital is used, it too, has its limitations.

The venture capitalist may be unwilling to increase his exposure to a particular company or business sector. Venture funds make most of their profits by "exiting" from their successful investments, not by continually putting in fresh funds. Venture funds with a 10-year life, the most common form of venture capital organisation in the UK, come under pressure to realise investments as they approach their deadline for winding up, notes David Cooksey, chairman of Advent, a venture fund.

Berghaus had been looking for additional finance for about 18 months to finance further expansion overseas. "We were being held

back from pursuing some markets," says Lockey.

● **Management skills.** The challenges posed by expansion often demand more than the founders can give. "Growth creates major management and organisational problems," say the authors of the Acost report. They point out the need for a balanced managerial team com-

ing marketing, financial and technical skills. "Different skills are needed to take a business to the second stage," comments Malcolm Hay, corporate finance partner at accountants Ernst & Young.

Sometimes the inability of the founding entrepreneur to delegate becomes a barrier to growth while, even if the founder accepts the need to expand his management team, incorporating new managers can be a significant drain on the time of existing staff, Acost notes.

"It is not just finance we need," says Derwent Valley's McKechnie. "If we went naively into Europe we would be ripped off."

Linking up with a larger company would provide finance and expertise, he says. ● **The founders' ambitions.** Most people who set up in business have no intention of growing to any size. They are content if their business provides them with a comfortable living. "Sixty per cent of people who start businesses do not want to grow," comments Barrow.

Lockey denies running out of energy to run Berghaus but he and Davison are retaining the shop where the company started. The LD Mountain Centre has turnover of £1m and employs 14 people but Lockey says he has plans to expand.

Selling out is not the only option open to the founder manager wondering whether he can manage the

next stage in his business's growth, though it is the most common route. He could decide to stay on and pace his growth. This can pose problems, too.

One business owner rejected an offer of venture capital only to find his managers became frustrated with the slow rate of progress, recalls Colin Barrow, head of the enterprise group at Cranfield School of Management. A year or so later the managers resigned, raised their own venture capital and set up in competition with their former employer. "Managers want to work for companies which grow quickly. It looks better on their CVs."

Founder managers must also make sure that they do not miss the opportunity to get out at the most favourable time. Technology develops so rapidly that a company's competitive advantage can be lost if it does not move quickly while competitors will be quick to exploit gaps in a market.

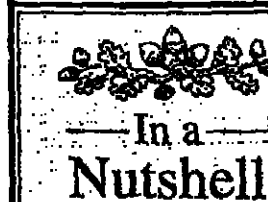
The volatility of the UK economy also provides an incentive for entrepreneurs to get out while the going is good, says Graham Bannock, a small firms consultant. "The situation is so unstable that they give in to the temptation to accept an offer. They might never get another because the economy may have gone into recession again."

Flotation is another option though the illiquidity of small company shares has made this less attractive over the past five years. The London Stock Exchange's plans to close the Unlisted Securities Market in 1995 will further narrow options. The result could be that more companies succumb to an offer from a trade buyer.

But does it matter that medium-sized companies lose their independence as long as the purchaser manages them well and gives them the funds they need?

Yes it does, according to Acost and other studies. Smaller, independent businesses are better than large ones at developing new technologies. They can respond more flexibly to changing market demands and can bring new products to market more quickly and more cheaply than large firms. They also ensure a greater range of choice and make for healthy competition.

There are also implications for regional policy. Areas such as the north-east, which have attempted to rebuild their economy by supporting indigenous businesses, are concerned at the loss of local control. "Independent companies are a vital part of the market system," says Cooksey. "But they are not sacrosanct and takeovers are a means of industrial renewal. There is nothing wrong with large companies taking over medium-sized ones provided other small companies come along to take their place."



Flying a kite for prompt payments

Would the creation of a prompt payment standard or kitemark persuade British companies to improve their poor payments performance? The Institute of Credit Management has approached both the British Standards Institution and the government to sound out their ideas.

The institute's original plan was for a "prompt payment" clause to be added to BS5750, a quality management standard which has won widespread acceptance. But this was rejected by BSI because many companies had signed up for BS5750 without such a clause.

The institute now hopes to create a separate "kitemark" which would commit companies to paying their bills by the date stipulated in the agreed terms.

Venture funds find elusive investors

Raising finance in the present economic climate is a task most venture capitalists would not wish upon their worst enemy. But against the trend a handful of funds have succeeded in finding investors.

Phoenix Fund Managers this month completed the raising of its first fund, of just over £50m, while European Acquisition Capital, part of the Swedish Enskilda banking group, has raised a \$65m private equity fund to back buy-outs and buy-ins.

This followed a £14m fund-raising by Trinity Capital Partners by the first closing of a European Environmental Fund on behalf of the US investment bank Alex Brown & Sons. Meanwhile, Alta Berkeley Associates raised \$21m towards a planned \$50m for its fourth fund, Alta Berkeley III.

Keeping tight hold of your title

Many companies write a "retention of title" clause into their terms of trade to allow them

to retain ownership of goods even after they have been delivered. The aim is to increase their chance of getting their goods or money back if a customer goes bust. But do these clauses work when the goods are exported to another country?

Baker & McKenzie, a firm of solicitors, has produced a guide to the effectiveness of retention of title throughout Europe. Retention of Title in Sales Contracts within Europe explains that in some countries the clause must be registered to be valid while others place restrictions on the goods which can be covered.

Painful sting of business rates

Business rates have risen by 28 per cent over the past three years compared with an increase of just 20 per cent in the retail price index, according to the latest NatWest/Small Business Research Trust small business survey.

Rates account for an average 2.3 per cent of the sales of small businesses, but for the very smallest businesses, with sales of less than £20,000, they account for 5.1 per cent of turnover.

Unlike corporation and income tax, rates must be paid whether or not the business makes a profit, the survey noted.

Seed capital starts to bear fruit

A European programme to provide seed capital finance has exceeded expectations and led to the creation of 126 new businesses providing more than 1,200 jobs, the European Venture Capital Association says.

Nearly 70 per cent of the businesses formed have a strong technology orientation with a particular emphasis on software, healthcare and biotechnology. The three-year-old programme is expected to create more than 340 new companies employing more than 4,000 people when European Commission backing ends in 1995. A further 30 businesses are expected to fail.

The European Seed Capital Fund Network consists of 23 new seed capital funds set up with European Commission backing and a further 18 established seed funds which also joined the network.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESS TRANSFER

The Corporate World Business Transfer Division comprises a dedicated team of pro-active professionals who provide a comprehensive valuation and agency service throughout the UK and overseas. Specific areas of expertise include petrol filling stations; hotels and restaurants; garden centres; undertakers; golf courses, marinas and other leisure facilities; general retail premises; and most other business sectors. For further information - or for an informal discussion on how we can help you realise the best price for your business - please contact Simon Quinton Smith at Corporate World, One Babmaes Street, St James's, London SW1Y 6HD. Tel: 071 930 3636 Fax: 071 930 1331.

NEW PRODUCTS SOUGHT

We are a manufacturer and distributor of westwood disposables and related products to all types of locations. To continue our expansion we need to develop, purchase or take on new ideas and products. A national field and telephone sales operation together with full installation and maintenance cover support our current activities. If you have a suitable product or service write to us in complete confidence. Write to Box A4859, Financial Times, One Southwark Bridge, London SE1 9HL.

INVOIR Company Russian Department

Is offering rolled metal in April/May 1993:
1. Hot rolled sheet (size: 2 - 12 x 1250 - 1800 x 4000 - 6000; length and width are shown in max. size)
2. Hot rolled coil (Thickness: 2 - 12; width from 1250 - 1800; weight 30 T; for 1.2 position; steel 2 SP (PS), 3 SP (PS); Quantity: 10000 - 30000 MT
3. Steel billets (of a very high quality steel)
4. Pig iron - a) foundry cast iron; b) reheat cast iron. Quantity: 50000 MT
Tel: (095) 287 09 02 (Moscow) Fax: (095) 287 173; 963 6204 (Moscow)
Telex: 414-790 SAP SU

HEALTH CARE AND COSMETICS INDUSTRY OPPORTUNITY

Opportunity to acquire the existing design rights, tooling, and customer base of highly innovative cosmetic and health care instrumentation. Established trade marks to Japan, Europe, America, etc. Order book forecast over £7m in next two years (estimated £2.5m net profit) with large increase of market potential. Distributors available if required. Products suitable for sub-contract assembly, but requires marketing and sales commitment. Stock available. £500,000 Plus Royalties on Sales. Tel: 0709-740474 for details.

A CHANCE TO PARTICIPATE IN THE FUTURE OF TYPING

We are an old established group, that has developed a computer-based, hi-tech remote typing service, capable of exponential growth. We are seeking a partner who can provide the necessary funding and marketing experience to take the venture forward. Tel: David Lardner-Barke 081-879 1000

INVESTMENT PARTNERSHIP SOUGHT

U.K. property group with considerable real estate expertise and first class Mayfair headquarters seeks overseas joint venture partner so as to exploit the current excellent opportunities in the U.K. property market. Contact: U.C.C. Group of Companies - A. J. Heald, Director Tel: 071 499 2571. Fax: 071 493 1347

ALGARVE, PORTUGAL, 2.5 HECTARES of land with planning for tourist complex of 53 properties plus support facilities. West of Lagos, 2km from beach with views across golf course. Joint venture proposals or outright sale in the region of £500,000. G S Pearson Corporate Finance. Tel: 0532 304778

NEW BUSINESS TRAVEL/ INCENTIVE AGENCY

Large International PLC, or concern, with own travel 'spend' of minimum £500K-£2M p.a., required to invest £200K-£700K for new travel venture with exceptional potential immediate client base. Business cash flow situation possibly positive within short-term. 51% equity available. Principals only need apply to Box A8294, Financial Times, Southwark Bridge, London SE1 9HL.

NATIONAL DISTRIBUTION (TO CONVENIENCE STORES)

We currently supply and service 5000 UK convenience stores with impulse purchase products. Our sales, distribution and merchandising facilities could be available to fast launch your products or services in this fast growing market. Please reply to Box A8296, Financial Times, One Southwark Bridge, London SE1 9HL.

ALGARVE, PORTUGAL

Land for Sale or Partner Sought. Full Planning Permission For: 50 Bed Hotel (3 Star) 90 Town Houses 13 Villas Swimming Pools Tennis Courts Mini Golf Principals Only Tel: (0782) 706555

HOTELS COMMERCIAL PROPERTIES AND RESIDENTIAL OPPORTUNITIES

BUY/SELL/WORLWIDE Further information: Tel: 071 637 3333 Fax: 071 235 2955

TOP CLASS RACEHORSE FOR SALE

Winner of nine races. For details tel: 0981 22673

COMPUTERS WANTED & FOR SALE

Large quantities of Apple/IBM/Compaq/Toshiba Mac/Minicomputer urgently required. Call INTERNATIONAL COMPUTER BROKERS LTD. UK Tel: 071 371 5747 UK Fax: 071 371 5243 Overseas Tel: +44 71 371 5747 Overseas Fax: +44 71 371 5243

Russian Vodka - Stolichnaya

500,000 Bottles available Half Liter Size. Certificate of Origin USD\$95/Bottle plus shipping & taxes Lorry Min. Quantity (20,000 Bottles) Call EP Trade - Frankfurt Telephones: 49 69 5964010 Telefax: 49 69 5963021

THE PRICE IS RIGHT

Do you want to build a UK residential property portfolio with trouble free letting, management and cost efficiency. Property consultant (pgs 34) available now for short/long term projects. Write Box A8253, Financial Times, One Southwark Bridge, London SE1 9HL.

Residential Development Company

Trading profitably based in the Home Counties, require funds for Joint Ventures, medium secured loans, equity participation considered. Actively engaged in selective acquisition and housing association schemes. Write to Box A8463, Financial Times, One Southwark Bridge, London SE1 9HL.

QUALITY CLOTHING

Full range of sizes and colours, including designer labels, shoes, and travel goods etc. Best offer secured. Write Box A4836, Financial Times, One Southwark Bridge, London SE1 9HL.

CHANNEL ISLANDS

Offshore Company Formation and Administration. Also Liberate Panama & BVI etc Total offshore facilities and services. For details and appointment write to: Cay Trust Ltd., Schomberg House, 24 Belmont Rd, St Helier, Jersey, C.I. Tel: (0534) 78774, Fax: (0534) 32400 Telex: 4192227 COFORM C

FIXED INTEREST FUNDING

For business purposes only 5.99-9% p.a. Fixed Interest Rate Funding Accounts, securities - LJC Bank Guarantees, CDS, etc. Quoted Shares, Series Bonds, Commercial and Residential Properties. Contact: M-Move Telephone: 0224 626283 Fax: 0224 626228 Several Ventures PLC, 11 Thistle Place, Aberdeen, AB11 1JZ.

PC COMPANY WORKING

In Facilities Management and software development seeks similar for expansion and growth. Box A4857, Financial Times, One Southwark Bridge, London SE1 9HL.

POLAND - batch engineering and chemical

company requires assistance and local services in Poland. Contact: Andrew Lawrie, Peninsula Chemicals Ltd Tel: 0290 278931 Fax: 0290 278938

INSURANCE PROBLEMS?

Insurance Broker, 30 years experience in own business and now regional director of major international insurance brokers, seeks challenging consultancy opportunities, e.g. setting up in-house insurance department or brokerage, risk management programme, development of insurance products, risk assessment, insurance marketing advice etc. Strict confidence write to Box A4834, Financial Times, One Southwark Bridge, London SE1 9HL.

UK Corporation with World Patents/Rights for new innovative DIY and safety products

Worldwide sole distributors to launch this spectacular range outside the UK. Vast Potential. Huge Profits. No Competition. Principals Only. Please contact the Managing Director, Unilever Products Ltd, Unilever House, 4210 Barrow Moor Rd, Manchester M21 2ER. For full information pack.

OPPORTUNITY TO PROFIT FROM WASTE!

We have developed a revolutionary Waste Burning System capable of producing Clean High Temperature Gases for use in Drying Processes, Power Generation etc. In order to exploit the enormous potential of this worldwide patented system, we invite expressions of interest from companies wishing to acquire such technology. Write Box A4858, Financial Times, One Southwark Bridge, London SE1 9HL.

AUTOMOTIVE PRODUCTS

We are interested in acquiring niche market automotive products or brands, or sales rights to same. Min. £50k. Reply to Box A4860, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

SUBSTANTIAL INTEREST - PUB GROUP 29.8% of a pub group for sale. Shares currently dealt under Rule 535(2). Principals only to Box A4842, Financial Times, One Southwark Bridge, London SE1 9HL.

MANAGEMENT TEAM SEEK BUSINESS OPPORTUNITY

Ex Public Company Division - vast experience FAX 0242-460028

ENTREPRENEUR SEEKS CONTROL

of shell company for use as acquisition vehicle. Write Box A4718, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESS SERVICES

PARIS HELPLINE

Will answer your questions about doing business in France. Tel: (010 33 1) 44 70 90 72 Fax: (010 33 1) 44 70 90 73

PROFESSIONAL SALES EXECUTIVES

TO SPEARHEAD YOUR MARKETING IN EUROPE AND SOUTH EAST ASIA. ENHANCE YOUR PRODUCT RANGE AND PROFIT MARGINS BY WORLDWIDE SOURCING. Write or Fax today to obtain a FREE copy of the T.E.A.M. brochure. T.E.A.M. - 40 Bedford Dale, 8833 Le Trappe - France Tel: +33 21 62 76 16 Fax: +33 21 62 74 34 LONDON, ISLINGTON, KUALA LUMPUR

QUARRY EQUIPMENT

U.K. Company with excellent customer base in the quarry industry is interested in becoming distributor for manufacturers of Quarrying equipment. Write to: Peter A. Owen & Co 100 Dock Lane, Dudley, West Midlands, DY1 1SN 0384 234760 0384 455339 (Fax)

BANK CHARGES TOO HIGH?

Do you think your bank is making mistakes on your account? Then call BANKWATCH. Our consultants are all ex-bank managers. BANKWATCH 071 323 5542.

CO. SEARCHES, REPORTS & INFO

Industrially by Fax. Credit Ratings, Directors & Accounts, UK & Int. 0254 822288.

ELECTRONICS DESIGN AND MANUFACTURING

We are interested in acquisition/merger with complementary business. Specialist manufacturer/designer of professional equipment, preferably for process industries. Electrical/electronic base preferred although some mechanical involvement would be acceptable. Established company with turnover between £0.25m and £1.5m.

Please write in confidence: Roger Parsons, Chairman, Safecore-UEP Ltd, North Lays, Ashbourne, Leics, DE8 1DQ

We are in contact with a substantial number of major PLC's in mergers and acquisitions who are constantly looking to acquire sound companies.

We would be pleased to hear from controlling directors or principals of companies wishing to sell with minimum turnover £2m million and pre-tax profits £50k with no upper limit.

For further details please telephone Mark Dunn A.C.A. on 061-331 4390 or fax: 061-334 8722

CONFERENCES & SEMINARS

VISIT

THE LONDON INTERNATIONAL DIRECT MARKETING FAIR 1993

MARCH 16 17 18 Wembley Conference & Exhibition Centre 9am - 6pm

Mailing lists, Telemarketing, Database marketing, Door-to-door distribution,

Mailing houses and all direct marketing services

Call FREE on 0800 630630 NOW for your FREE ticket

OFFICE EQUIPMENT

BANKRUPT OFFICE & SYSTEMS FURNITURE

Stocks of Steelcase, Herman Miller, Knoll, Westinghouse, Vitra Chairs, Gordon Russell, Boardroom Tables, General Desks & Filing. TEL: 031 743 2100 FAX: 031 743 9500 If you are SELLING we also BUY

AUCTIONS

AUCTION NEWS - The National Weekly Guide to Industrial & Commercial Auctions. Details from A.N.E. Tel: 0202-551000 Fax: 0202-551001 For National Auction Listing call 0202-551001 on 0202-413 705 from a fax machine & press 1. (Costs 36p/min, cheap rate, 48p/min, other times approx. 6 p/min)

BUSINESSES WANTED

We are seeking acquisitions in the UK involving Exclusive Distributorships in the following sectors:

MACHINE TOOLS PLASTIC PROCESSING MACHINERY

These Distributorships should have a clear earnings and growth potential that would benefit from integration with a well established Engineering company that has a national reputation for Marketing and Engineering expertise.

Write to Box A4717, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES FOR SALE

OWL PLASTICS LIMITED

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company on a going concern basis, briefly comprising:

- Plastic recycling business specialising in nylon products
- Established 11 years
- Large number of well established customers
- Freehold factory premises of 20,000 sq. ft. including a two storey office building with laboratories, at Littleborough, near Rochdale.
- Three tenanted freehold buildings with a total annual rent income of £17,000
- Experienced workforce

For further information please contact:

Paul Stanley or Cathy Bowker
Buchler Phillips & Traynor,
Blackfriars House,
Parsonage,
Manchester M3 2HR
Telephone: 061 839 0900
Facsimile: 061 832 7436

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

REPUBLIC OF POLAND

The Minister of Privatisation acting on behalf of the State Treasury, in accordance with the Privatisation Law (Article 23, 13 July 1990), invites interested parties to negotiations for the acquisition of (not less than 20%) of shares in

LAS-PILA S.A.

The company activities include:

- food processing articles production (venison, ground cover, fruit and vegetables)
- production of purple willow articles
- timber production
- cold storage services

The seat of the Company is Dobrzyca near Pila. Their Company conducts its production activities on the whole area of Pilskie Voivodship. It employs 350 people and had sales of US\$ 1.5m in I-XI 1992.

In accordance with the Privatisation Law (Article 24) up to 20% of shares will be offered to company's management and employees on preferential terms.

For further information on how to obtain the Information Memorandum please contact:

The Ministry of Privatisation
36 Krucza Street, 00-525 Warsaw
Tel: (22) 29 80 97, (2) 625 25 51, Fax: (2) 625 25 58
Persons responsible: Renata Orlik, Tomasz Budziak

or the advisor acting on behalf of the Ministry of Privatisation:

Business Analysts & Advisors Ltd.
22 Zurawia Street, P.O. Box 142, 00-950 Warsaw
Tel: (48 22) 21 41 67, (48 22) 625 45 96, Fax: (48 22) 628 58 35
Persons responsible: Grazyna Magdziak, Maciej Kania

The deadline for accepting written proposals is March 16th, 1993. The Minister of Privatisation reserves the right to cancel this invitation and not take up negotiations without giving reasons.

BUSINESS ANALYSTS & ADVISORS

RE-ADVERTISEMENT

Trentside Engineering Company Limited

The Joint Administrative Receivers offer for sale as a going concern the business and assets of the above company which went into receivership in August 1992.

Following an initial period of restructuring the company is trading profitably and has maintained a strong forward order position.

The subcontract engineering company is engaged in machining, fabrication, assembly and machine building for a variety of industries. It also produces components for the motor trade.

Salient features include:

- Freehold premises, 47,000 sq ft on 2 1/2 acres in Stoke on Trent.
- Fully equipped workshop.
- Strong customer base.
- Highly skilled workforce.
- Turnover in the five months of Receivership - £762k.

The package may present an opportunity for two parties making a separate investment in the property and the engineering business.

For further information contact the Joint Administrative Receiver, David Milburn, KPMG Peat Marwick, Festival Way, Stoke on Trent, Staffordshire, ST1 5TA. Tel: 0782 216000 Fax: 0782 216050.

KPMG Corporate Recovery

Polyester Filler Paste Manufacturer

Northants

The Joint Administrative Receivers offer for sale the business and assets of Delvo Auto Products Limited.

Principal features of the business include:

- Extensive customer base of suppliers to automotive industry.
- Own product range.
- Annual turnover of £700,000.
- Machinery, equipment and stock.
- Existing order book.
- 10,000 sq ft freehold property, Thrapston.

For further information contact the Joint Administrative Receiver, Myles Halley, KPMG Peat Marwick, Spencer House, Cliftonville Road, Northampton, NN1 5BU. Tel: (0804) 34480. Fax: (0804) 32297.

KPMG Corporate Recovery

HYDRAULIC FITTINGS SUPPLIER

Hughes Hydraulic Limited

The Board of Directors offer for sale the business and assets of this established hydraulic fittings supplier based in Halesowen, West Midlands.

Principal features of the business include:

- Turnover - £400,000 pa
- Established customer base
- Stock value of £175,000
- Third largest independent distributor of B.S.P. and J.I.C. hydraulic fittings.

For further information please write to Coopers & Lybrand, PO Box 3165, Birmingham B2 5JG quoting reference 606/PW.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Solutions for Business

RECEIVERSHIPS/LIQUIDATORS.

PINK PAGES - New weekly guide to every insolvent co. Direct contact with Liquidators/Receivers. Fully indexed according to company type. Free sample copy (0273) 626681.

SMALL WHOLESALE DISTRIBUTOR

of UK and imported state of the art leisure wear. Turnover building up to £14m p.a. Business capable of development. Based London. Call Hogen office hrs 0743 343368.

COURSES

IMPERIAL COLLEGE UNIVERSITY OF LONDON

THE MANAGEMENT SCHOOL

ONE-YEAR MBA - A LIFETIME'S INVESTMENT

If you are serious about a career in Management, the one-year full-time MBA Programme at Imperial College is right for you. We'll equip you with a comprehensive grounding in management skills. Then you'll choose a specialised area of expertise:

- Management of New Ventures
- Strategic Management Consultancy
- Finance
- Management of Innovation
- Major Project Management
- Management Science

If you have a good honours degree and an interest in management, and would like to invest in your future, contact Ray Maguire for full details.

The Management School, Imperial College, 68 Prince's Gate, London SW7 2PC. Tel: 071-589 5111 ext 7124 Fax: 071-823 7685.

CONTRACTS & TENDERS

NOTIFICATION OF TENDER FOR A COMPUTERISED CUSTOMER SERVICE SYSTEM

THE TENDER: Companhia de Telecomunicações de Macau is a Macau based telecommunications company. They will shortly invite tenders from suitably qualified suppliers for the supply, implementation and support of an integrated set of computerised administrative systems to support their current and future business.

THE REQUIREMENT: The objective of this tender is to identify an existing package solution that will support the major Customer Service and Billing functions with the operation of a company in an advanced telecommunications environment.

Interested companies should apply in writing for a Request For Information document which will outline the requirement and tender process in more detail.

Requests for this document should be made, in writing, to the following:

Brian Hill, Senior Consultant,
X-Tension Group,
136-140 Old Shoreham Road, HOVE,
East Sussex, BN3 7BD, ENGLAND.

TEL: +44 273 727972
FAX: +44 273 203783

Procters of Chipping Ltd

The Joint Administrative Receivers of Procters of Chipping Limited offer for sale on a going concern basis, the business and chattel assets of the company:

- Cheese factories
- Turnover £3.5 million per annum
- Operates from leasehold premises in Chipping, Lancashire

For further information contact the Joint Administrative Receivers, I.D. Newell and W.S. Martin, Ernst & Young, Leamy House, 17 Marble Street, Manchester M2 3AW. Telephone: 061-953 9000. Facsimile: 061-834 7117.

Ernst & Young

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BUSINESS WANTED



BUSINESS WANTED

Computer Maintenance/Support

A subsidiary of an expanding listed group seeks to acquire a quality UK business which:

- Maintains and supports PC products for corporate users.
- Has a track record of quality service and an established corporate customer contract base.
- Has a turnover between £7 million and £18 million.

Vendors and their advisors should write to either William Staple or Anthony Allen in absolute confidence at N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU. N M Rothschild & Sons Limited is a member of The Securities and Futures Authority Limited.

ACQUISITIONS SOUGHT

We seek to acquire businesses, or parts of businesses, engaged in liquid filling. Both profitable and loss making concerns will be considered. Turnover at least £300,000, but not more than £2m.

Write to Box A4861, Financial Times, One Southwark Bridge, London SE1 9HL.

INTERMEDIARY WANTED

Proposals requested from bona-fide M & A specialists on success fee related basis to find candidate acquisitions (turnover typically £2-10m) for an aggressive electronic company with substantial cash resources.

Write in confidence to Box A4831, Financial Times, One Southwark Bridge, London SE1 9HL.

ESTABLISHED LONDON HOTEL GROUP

currently operating 9 hotels seeks additional units (3-star category) in central London, to lease or manage.

Please contact in confidence: Peter Lowy, Chairman, Vienna Group of Hotels, 16 Leinster Square, London W2 4PR. Tel: 071-286 5294. Fax: 071-229 3917.

GLAZING COMPANY REQUIRED

We are seeking to acquire emergency repair orientated glazing companies in S.E. England.

Loss making companies will also be considered. Replies in strictest confidence to: Mrs R. Hicks, The Zockall Group Ltd, 165 Maple Road, Surbiton, Surrey KT9 4BJ.

Iveston Engineering Limited

Simon J Lundy and Peter R Copp, the Joint Administrative Receivers, offer for sale the business and assets of Iveston Engineering Limited, a long established hydraulic and precision engineering company in County Durham.

- Modern CNC equipment.
- Well equipped long leasehold premises.
- Turnover approximately £1.4m per annum.
- Full order book.
- Well established customer base.

For further details please contact Mr I W Kings or Miss K Muir of Stoy Hayward, 19 Borough Road, Sunderland SR1 1LA. Tel: 091-565 0565. Fax: 091-514 2083.

STOY HAYWARD

Accountants and Business Advisers A member of Horwath International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

FOR SALE

SPECIALIST ENGINEERING COMPANY

Well established, BS 5750 Registered Company, with extensive offshore experience and large export market.

- Increasing turnover and profits.
- Projected 1993 turnover £2.8m
- Substantial order book
- Freehold premises
- Skilled workforce
- Excellent customer base
- Owner seeks retirement

Write to: Box A8290, Financial Times, One Southwark Bridge, London SE1 9HL.

COTE D'AZUR 3 STAR HOTEL

Between Nice & Monaco Waterfront. Superb views over Port & Cap Ferrat.

36 Bedrooms - Restaurant area - Beach, Tennis, Sailing & Golf nearby.

AGENCE BOVIS UK TEL: 0603-408318 FAX: 0603-621630

PROFITABLE HOUSEHOLD TEXTILE MANUFACTURER

Annual T/O £7M. Strong UK and Export Customer Base. Named Principals Only.

Contract: Box A4699, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESS WANTED

NEWSLETTER OR SIMILAR WANTED

Printer seeks to acquire all or part of mailed newsletter businesses. Authors or publishers committed participation essential. All types of newsletter considered but must have 25,000+ mailing list or potential to achieve that.

Replies: P.O. Box 643, Gibraltar. Ref: FT117

FOR SALE

Retail, Manufacturing, Wholesale & Distribution Business within

THE FOOD INDUSTRY AND ALLIED TRADES

T/O's ranging from £100,000 to £10M+ Businesses also required for clients

For further details, please contact Nigel Griffiths on 071 624 5524

Hamilton, Speak & Partners

MERGER & ACQUISITION BROKERS BUSINESS TRANSFER AGENTS

104 Baker Street, London W1M 2AR Tel: 071 624 5524

PRECISION ENGINEERING COMPANY FOR SALE

Successful company based in Sussex. Turnover £800,000 p.a. Profit £165,000 p.a. Consistent over 4 years.

Long Lease. Write to Box A4836, Financial Times, One Southwark Bridge, London SE1 9HL.

INSURANCE BROKER

Independently owned commercial Insurance Brokerage and Captive Insurance Manager for sale to or merger with broker or similar not presently represented in the Channel Islands. Wide ranging portfolio of international and domestic clients.

Principals only please write to Box A4833, Financial Times, One Southwark Bridge, London SE1 9HL.

Electronic Component Manufacturing Co

Sales £150K-£200K growth margin 35%-4100K (last 3 yrs). Ideal additional product line. B.S. and C.E.C.C. approved products.

Write to Box A4830, Financial Times, One Southwark Bridge, London SE1 9HL.

RECEIVERSHIPS. Weekly report of 400+ insolvent companies for sale. Contact with the individual handling the disposal. Details 0273 880740

MAGAZINE ADVERTISING ASSETS of insolvent companies and businesses. Free copy 071-242 1164.

Euroweld UK Limited in Administrative Receivership

Offers are invited for the above company's business and assets which briefly comprise:-

- 20,000 square feet of freehold property in Doncaster.
- Plant and equipment with a book value of £180,000.
- Stocks with a book value of £30,000.

The company has 22 employees and the latest annual turnover was £800,000. Its main activities are welding and fabrication.

For further information contact the Joint Administrative Receiver, Mr M J W Venning or his manager, Mr I K Stewart, of Stoy Hayward, Nimrod House, 42 Kingfield Road, Sheffield S11 9AT on Telephone (0742) 536391. Fax (0742) 585104.

STOY HAYWARD

Accountants and Business Advisers A member of Horwath International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

On the Instructions of the Joint Administrative Receivers PR Copp and R Hocking of Stoy Hayward

LONDON, W2 HOTEL

18 bedroom hotel in a prime location close to Marble Arch. Established tourist trade. Good order throughout. Leasehold 113 years remaining. Recommended.

£375,000 leasehold. Ref. 20/130

For further information contact: Jim Keogh, London Hotels Department on 071 486 4231

STOY HAYWARD

A member of Horwath International

CHRISTIE & CO CORPORATE DIVISION

FURNITURE UPHOLSTERY MANUFACTURING BUSINESS FOR SALE

Company wishes to sell profitable upholstery and cushions division. Based in East Midlands. Sales c£4.5 million with blue chip customer base. Modern freehold factory available either for sale or lease.

Principals only should write to: Stoy Hayward, 8 Baker Street, London W1M 1DA or telephone: 071 486 5888 extension 2160 quoting reference 74/RMS

FOR SALE

MOTOR DEALERSHIP, THAMES VALLEY

Major European Franchise, 6 car showroom with potential for expansion, large Service park, active trade and retail Parts operation, fully equipped VERA approved Bodyshop, busy Forecourt with Shop, Town Centre, Freehold site.

Write to Box A8295, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

MOTOR SALVAGE AUCTION & DISMANTLING BUSINESS

Over 3250 registered buyers. Operating out of 6 acre freehold site Central Birmingham. Sales to include: Stock, Recovery Vehicles, Fork Lift Trucks, 300 Motor Long Gentry, Vehicle Cranes, Garage Equipment Runners etc.

Partnerships, Computer Systems & Salvage Contracts (Subject to Approval)

Contact: Mr French, Metro Breakers (Manchester) Ltd, 45, Elizabeth Street, Cheadham H8, Manchester M8 8TX. 061-834-5741.

Competition law does not apply



Regional social security offices dealing with sickness maternity and old age benefits are not "undertakings" covered by the Rome Treaty competition rules, the European Court of Justice ruled last week.

In a reference from a French court, in a case brought by two people who felt they had the right under EC law to go to any private insurance company in the EC in order to pay their social security contributions, the Court ruled that Community law did not impinge on the authority of member states to administer their own social security systems.

The Court also said that the relevant social security schemes had an exclusively social rather than economic aim. Given that EC competition rules only apply to undertakings which are engaged in an economic activity, the Court said the social security offices in question were not covered by the rules.

Joined Cases C-159/91, C-160/91: Poucet v Assurances Générales de France (AGF) et Caisse Mutuelle Régionale du Languedoc-Roussillon; Pistre v Caisse Autonome Nationale de Compensation de l'Assurance Vieillesse des Artisans, ECJ FC, February 17 1993

Belgian redundancy rules unlawful. Belgian rules, which exclude women over the age of 60 from supplementary redundancy payments, are contrary to European Community sex discrimination rules and unlawful, the European Court of Justice ruled last week.

The Belgian rules applied to people made redundant when aged 60 or above, entitling them to supplementary payments in addition to unemployment benefit. Under Belgian law, unemployment benefit is payable to men until 65 but to women only until 60. The effect of the redundancy rules was therefore of clear benefit to men.

The Court had to decide whether the redundancy payments came within the scope of Rome Treaty equal-pay rules. Relying on its decision in the Barber pensions case, it said that, simply because certain benefits were made after employment had been terminated, this did not necessarily mean that they could not be deemed to come within the scope of EC equal pay rules.

The Court did point out, however, that benefits such as state pensions, applicable to general categories of workers, which had no connection with an individual's place of work, would not come within the scope of the equal pay rules.

C-173/91: Commission v Belgium, ECJ FC, February 17 1993

Migrant workers' benefits

On a preliminary reference from a Belgian court, the ECJ held that EC rules regulating the granting of social security benefits to migrant workers took precedence over relevant national rules, even where the amount of the particular benefit in question was the same under both sets of rules.

The case concerned a migrant Italian worker who had worked both in Italy and Belgium before becoming ill. Both countries recognised his right to claim sickness benefit. The Italian benefit was calculated on the basis of the relevant EC rules. The Belgian benefit was calculated on national rules. The benefit was the same, whichever basis of calculation was used.

However, under the EC rules the benefit could only be re-evaluated if there had been a change relating either to the establishment of the person concerned or to the rules used to calculate the benefit. Under the Belgian rules the benefit could be re-evaluated to take into account changes in the benefit granted by another member state, particularly in relation to the fluctuations in the exchange rates. In this case the applicant's benefit was re-evaluated to his detriment by the Belgian authorities on the basis of exchange-rate fluctuations.

The Court held first that, where a worker was subject to the legislation of two or more EC countries, that worker was entitled to the most favourable benefits available – either under the national rules or the EC rules. However, the Community rules had to apply when the national rules were less favourable. The Court said this meant that, even where the national rules were chosen, the amount of benefit conferred with the EC rules. Given this, any re-evaluation should be determined on the basis of Community, rather than national, rules.

C-193/92: Bogana v Union Nationale de Mutualités Socialistes, ECJ 3CH, February 18 1993

BRICK COURT CHAMBERS, BRUSSELS

Business can today cross European Community borders with unprecedented freedom. Succeeding in a new market is never easy, given different national consumer preferences; nor is it seldom cheap or risk-free.

Companies that do business across EC borders have a compelling interest in the "obstruction" – Euro red-tape – posed by the European Commission, as the EC competition authority. Though much reduced today, Euro red-tape can still prove a huge stumbling block for business.

Industry views the Commission as the flag-carrier for cross-border mergers and acquisitions: as a champion of the adventurous foreign company against local protectionism. But companies also tend to resent the Commission's powers over their commercial dealings, especially in view of the delays involved, and accuse it of unnecessary legalism.

Cross-border joint ventures often bring out industry's ambivalent attitude towards the Commission. The treatment of joint ventures also illustrates the Commission's seemingly contradictory function of encouraging cross-border mergers while at the same time stopping companies banding together in anti-competitive ways.

The Commission defines a joint venture as an "institutionally fixed" form of co-operation between independent enterprises. The venture need not be separately incorporated, but it must be active as an entity and owned by the enterprises which set it up.

There are two main ways in which the actions of companies can reduce competition:

- cartels, which are "behavioural" and, in principle, undesirable;
- and mergers, which are "structural" but which can invigorate competition.

This theoretical distinction becomes extremely fuzzy when applied to joint ventures, which contain elements of both. The EC Merger Regulation, the Community's vehicle for vetting mergers affecting the European market, has also made matters worse by offering companies a strong incentive to draft their cross-border joint ventures as "mergers".

A joint venture which is categorised as "concentrative" (ie, as a merger), falls under the Merger Regulation and because of the regulation's strict procedural time limits may be cleared and up and running within a few months; hence the attraction to companies of ensuring their joint ventures are drafted as mergers.

A deal drafted as a "co-operative" joint venture, however, is beyond the ambit of the Merger Regulation

Cross border manoeuvres

Celia Hampton on the EC's revised rules for vetting joint ventures

New procedures for EC joint ventures

- Companies must complete form A/B giving information in similar detail to that required under the EC Merger Regulation
- Commission will examine case for up to two months
- Commission will give either, a "comfort letter", allowing companies to proceed with the deal, or, a "warning letter" telling companies the deal is unacceptable or that it needs more time to consider it
- Companies which receive a warning letter should stop all progress towards implementing the joint venture
- Commission will open a second stage inquiry to decide whether to approve or forbid the joint venture. There is no time limit on a second stage inquiry.

and may fall by the wayside while awaiting approval under EC competition rules; even then, permission is not necessarily final and is often of limited duration.

A "concentrative" joint venture involves a permanent structural change in the market-place, such as the arrival of a new player in a sector. The parent companies of the joint venture enjoy the normal

shareholder relationship with a "concentrative" joint venture; but the venture will not be treated as such unless it is also designed to perform as an autonomous and permanent economic entity. Most important, the venture must not "give rise to co-ordination of competitive behaviour" – or anti-competitive practices – among the parents or between them and the joint venture. However, difficulties arise with the word "co-ordination". If the par-

ents and the joint venture itself operate in the same market, it is likely that the joint venture will be treated as a springboard for developing a common strategy and will therefore be treated as "co-operative". If the joint venture is intended to operate in a related market, for example, distributing two manufacturers' products, the Commission may also come to the same conclusion.

The Commission is mindful of the divergent treatment of "concentrative" and "co-operative" joint ventures, and is now trying to reduce its significance in practice. Until the end of last year, most joint ventures needed individual exemption from EC competition rules before they could proceed. Now the Commission has restated its earlier practice of presuming "co-operative" joint ventures to be eligible for exemption. It has also extended the general exemptions for certain types of agreement, such as patent and know-how licensing, to joint ventures.

The Commission has already issued guidance on the distinction between "concentrative" and "co-operative" ventures. Last week a further notice was published defining "co-operative" ventures and explaining Commission practice in assessing them.

The guidance provides some insight, for example, by summarising the questions the Commission will ask companies when judging whether competition between the parent companies is likely to be affected.

The differences, even in terms of competition policy, between the two types of joint ventures are hardly sufficient to justify big differences in treatment. Accordingly, the Commission has proposed improving the position of "co-operative" ventures through an "internal organisation of procedure".

Since last month, "structural" deals – including "co-operative" joint ventures – have been processed more speedily under the Rome Treaty's article 85 exemption or "negative clearance procedures". The Commission has promised to give either a "comfort letter" or a "warning letter" to companies within two months of being notified of a prospective joint venture. A comfort letter means the Commission does not object to the deal or that it intends to grant negative clearance or an exemption; a "warning letter" would tell the companies that the Commission has serious doubts about the deal (see chart).

If the Commission does not issue a comfort letter it will open a second stage inquiry – for which there is no time limit. A swifter timetable has been promised for other cases after April 1.

But the new internal procedure may not go far enough. Full information similar to that required for mergers must still be supplied. Even companies which have already given exhaustive information on an unsuccessful application for merger clearance may be asked for further details, and the two-month period may then start afresh.

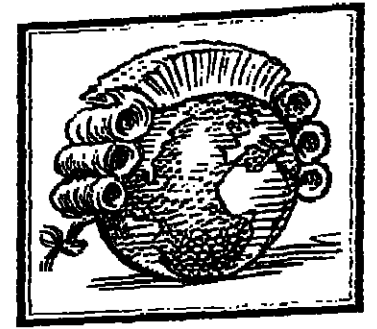
The concept of a "warning" letter is new and although potentially useful where only minor adjustments are needed in the deal to make it acceptable to the Commission, the letter may have legal effect.

Normally companies can proceed with a joint venture while awaiting the Commission's decision, but this carries the risk that the Commission may subsequently block the venture. It is possible that a warning letter will have the same effect as a decision blocking the deal. This would make the joint venture's further implementation unlawful.

Finally, it is difficult to understand why there should be no time limit on the second stage of the inquiry, given the amount of information that the Commission will have by then.

The author is executive editor of *Business Law Brief*, published by FT Newsletters.

LEGAL BRIEFS



Soaps in US customs lather

EFFORTS by US manufacturers to block the importation of "grey market" goods – goods made under licence abroad and re-imported – received a boost recently following a ruling by the District of Columbia Federal Appeals Court.

The court upheld a US Customs ban on two "grey" Lever Brothers soaps, Shield and Sunlight, on the grounds that although made under a valid licence in Britain by a Lever Bros affiliate, they violated US trademark legislation because they differed physically from the same brand of goods manufactured in the US under a US trademark.

The Court found that the US version of Shield "lathers more" than the UK version and that British Sunlight "produces less suds". The Lever case has already been cited by the First US Circuit Court of Appeals in a case involving the import of "grey" Perugina chocolates.

The First Circuit court said that the imported chocolates produced outside the US under a valid licence infringed the US trademark because differences between the imports and the US products were likely to confuse consumers.

Tax settlements

TWO NEW pilot schemes designed to speed up the vetting of "taxation" of legal bills are to be introduced by the English High Court after Easter. The schemes should lead to the successful parties in litigation receiving their costs from the losers more quickly.

Under the first scheme parties will be responsible for identifying the items in a bill which are in dispute, allowing taxation hearings to be confined to those issues.

The second scheme, known as "quick-form taxation", requires the consent of both parties but enables them to ask for costs to be taxed without providing a bill itemising costs and disbursements.

Coutts & Co



"The Way to the East No. 26", by Edward Dunbar, a Coutts Contemporary Art Foundation 1992 award winner.

Coutts & Co International Private Banking: innovation with traditional values

Our support of artists in the forefront of contemporary art reflects our commitment to maintain a position at the 'leading edge'. Combined with traditional values based on three hundred years' experience, we provide high-quality banking, investment and trust services to wealthy private clients. By focusing global expertise on individual needs, we offer tailored as well as standard solutions worldwide. For further information, please call:

London: telephone 071-379 7139, facsimile 071-240 0310

Zurich: telephone 01-214 73 26, facsimile 01-214 72 60

New York: telephone 212-303 2940, facsimile 212-303 2929

London · Zurich · New York · Bahamas · Cayman · Chisago · Geneva · Gibraltar · Guernsey · Hong Kong · Isle of Man · Jersey · Lausanne · Miami · Montevideo · Singapore · Tokyo
A member of the National Westminster Bank group

PEOPLE

BTR's increasingly cosmopolitan board

As the next generation of BTR high-fliers gets promoted into the top jobs, the main board of Britain's ninth biggest company becomes increasingly international in its composition. The latest recruit is Roberto Quarta, 44-year-old chief executive of BTR's sealing and control systems group.

Quarta, a US citizen, joined Worcester Controls in 1973 and first made his mark in BTR's valve group in the US and UK.

In 1989 he took on his present job. BTR says that he has, through acquisition, rationalisation and innovation, achieved

good growth in the automotive and associated industries.

Quarta's promotion to the main BTR board comes less than three months after the appointment of Graeme Pearson, the 53-year-old Australian managing director of BTR Nylax, and reinforces the international complexion of BTR's executive team. Out of the seven executive directors, two are Australian, two are Americans, and Bob Faircloth, the chief operating officer, is a Canadian who has taken US nationality.

The latest promotion to the board has done nothing to



stem the growing speculation about who will take over from Sir Owen Green. BTR's chairman confirmed again yesterday that he intends to retire this year and said that there would be an "election" to find his successor. He said that he would have no say in the choice of that successor.

The latest appointment increases the size of the BTR board to 12 directors and a chairman. The average age of the seven executive directors is 51; on average they have been with BTR for 18 years. The average age of the other five directors is 62.

Raingold to bolster LSE coffers



The London School of Economics has set up its own Foundation in a move to formalise fund-raising activities ahead of the so-called "Second Century" campaign, and hired Howard Raingold, who made his mark as Lincoln College Oxford's fund-raiser, as its first director.

In his four years at Lincoln, Raingold raised around £6m, from Old Members as well as from companies including Glaxo, SmithKline Beecham and Elf UK. "The college is small, with an Old Member population in the UK of just 3,000," he points out. "It recruits from minor public and grammar schools; we didn't have the Sainsburys and Rothschilds in our repertoire."

Raingold, who claims that learning to fund-raise is easier – and a lot more fun – than learning to drive, says the secret is "education, not begging. People want to belong." He identified the third of

Lincoln's Old Members who were on a salary over £30,000, and, by dint of a series of face-to-face meetings, persuaded around 70 per cent to give an average of £2,500 each. The campaign funded additional undergraduate accommodation – work on which has just started – as well as a series of junior research fellowships.

Raingold hopes to be able to do the same "with an additional thought on everything" for the LSE, which celebrates its centenary in 1995. The provisional target is to raise £40m over five years, but Raingold says much is to be decided before the official launch of the campaign, probably some time next year. With its bid for County Hall turned down, the LSE will now concentrate on improving the present Houghton Street site, as well as creating new research fellowships.

Raingold, 53, went to Cambridge as a mature student in the late 1970s and took a history degree. After three years as deputy director of Shelter, he spent a year studying international history at the LSE, and then taught at two schools before applying for the Lincoln job.

Lester May, 41, who worked for eight months in the public relations office of the Corporation of London on the campaign for the European Central Bank, but has otherwise been unemployed since leaving the Royal Navy in 1989, becomes deputy director. "The best thing about it is that I can stop job hunting for the first time in four years," he says.

Edgecombe in Central rescue

Edward Edgecombe has taken over as chairman and joint managing director of Central Stockbroking Services after the founder of the two-year-old Manchester-based operation Brian de Vecchis was barred by the Securities and Futures Authority.

Edgecombe, 57, who had been a shareholder but not a director of Central, was brought in after de Vecchis took £40,000 from the building society account of a 70-year-old widow who was a discretionary client of the firm, in order to meet capital adequacy requirements.

De Vecchis, 51, whom Edgecombe has known for 20 years, had had a 70 per cent share in Central. The embryonic broking firm has subsequently severed all connections with de Vecchis, and Edgecombe is now a 40 per cent shareholder of the recapitalised operation.

"After the first quarter, to the end of December 1992, we are most encouraged; we are in profit, representing a considerable turnaround from the loss for the previous full year which was in excess of £50,000," says Edgecombe explaining that the "big mistake" that had been made was that "after the first year, when they could see the cash flow rising, they started to spend it." Edgecombe says he has begun to cut aggressively into the overheads, achieving cuts of around 25,000 a month.

The new chairman, who points out that his new challenge of developing Central will mean he will be far too busy to retire at 60, has spent his career in the mutual fund

industry. He left Royal Life Investment Management, where he had been a manager, to rescue Central. Previously he had been at Guinness Mahon Investment Management and earlier had spells with Capel Cure Myers, Thornton Management and GT Management.

While de Vecchis was known for his centralised style of management, Edgecombe has promoted Thomas Hatton to the position of joint managing director and secretary, and made Albert Kobierzynski finance director.

■ Phillip Thorpe, the former deputy chief executive of the Securities and Futures Authority who has since October been working with Andrew Large reviewing London's financial services regulation, is to be the new chief executive of IMRO in succession to John Morgan.

■ Robert Walther becomes deputy chairman of CML, the international arm of CLERICAL MEDICAL INVESTMENT GROUP.

■ Keith Millar has been appointed chairman of GM Benefit Consulting Group, part of GUINNESS MAHON. Duncan Howarth is chief executive. Kevin Clark and David Baker are appointed directors of GM Benefit Consultants.

■ Charles Kirwan-Taylor and Anthony Stranger-Jones have been made managing directors in the corporate finance division of BARCLAYS DE ZOTTE WEDD.

■ Catherine Wall has been appointed a regional director of BARCLAYS DEVELOPMENT CAPITAL based in Leeds.

Minimal into the invisible

William Packer reviews Robert Ryman at the Tate

The Robert Ryman retrospective, jointly organised by New York's Museum of Modern Art and the Tate Gallery, which opens its international tour with its showing at the Tate, is as important as it is timely. It is sure to puzzle quite as many as it will irritate, and as many again both at once, but it also comes at a moment when the serious questioning of the received wisdom and prejudices of the avant garde has risen to the surface, to be aired on all sides.

We can safely disregard the nine-days-wonder school of journalistic response, with its instinctive anti-modernism which amounts to a profoundly anti-art philistinism - all art was modern in its day. But what seems to have happened is that a number of the more serious commentators have come quite independently to a broadly similar conclusion. For all the creative energy and excitement generated by the modern movement, in all its forms, over the past century and more, for all the profound truths of human experience it has realised, and for all the very real creative achievements that have marked its course, we have come at last to recognise that when the avant-garde becomes academic, it is more than time to take stock. It should be the stuff of serious and constructive debate.

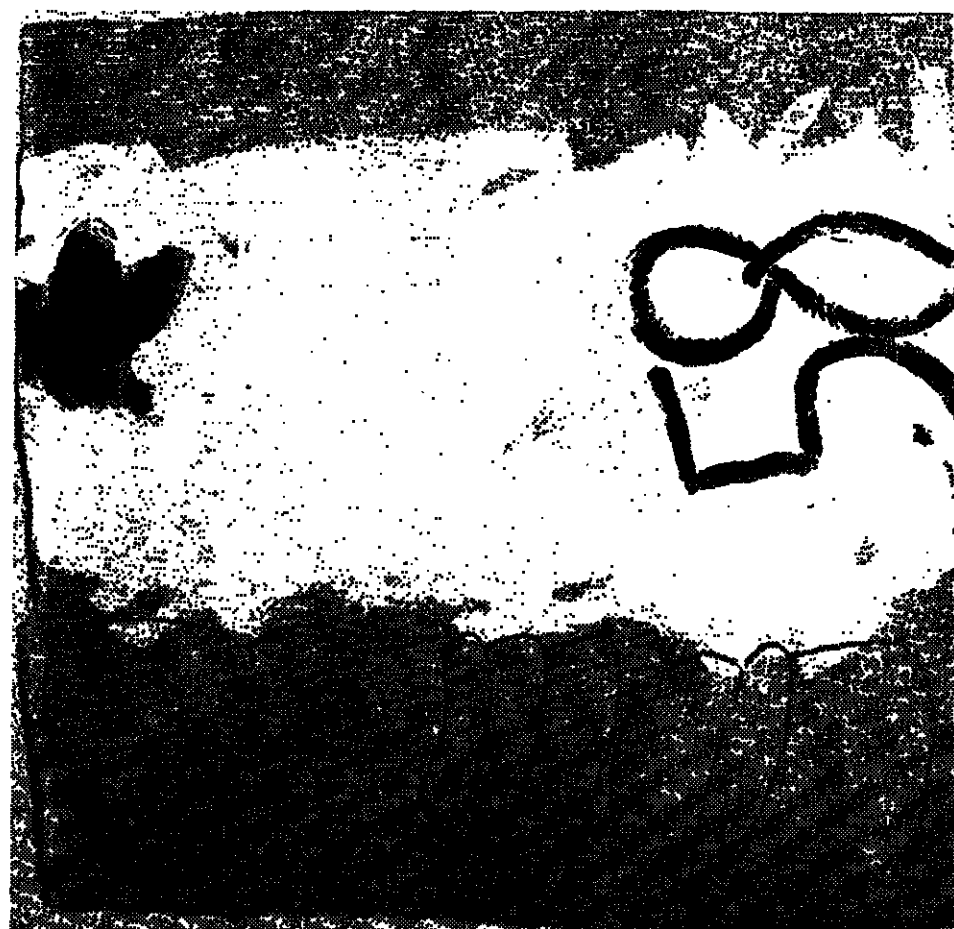
What must be challenged is the assumption that whatever may be identified as avant-garde is of itself important and significant: from which it follows that the common curatorial and international dealing view that all too patently finds interest, so far as contemporary art is concerned, only in art of such a kind, is dangerously narrow, partial and unfair. The real usefulness of this Ryman exhibition is that it is both wonder-

fully even-handed and particular, offering both sides of the question, the radical and the academic, in the clearest terms. Such considerations were doubtless far from the Tate's mind when arranging it, seeing the show simply as the celebration of an established and respected modern painter. But it is exactly what it should be doing, presenting the work at issue, holding the ring.

The justification for a great deal of modernist activity has always been not so much the actual production of great art, or of art at all, but rather as the necessary experiment and investigation into what art is, or might be, and into the mechanics, actual or potential, of its achievement. What has always bedevilled the debate has been the mindless subsequent acceptance that the fruits of such activity, whatever else they are, are also, without question, works of art. Art is what artists do, or propose, and so it follows that a walk in a field, a bare canvas, a beer can, a proposal, a mere idea, may itself be elevated to the status of art. It is a seductive heresy, but heresy still.

In Robert Ryman we have an artist who was actively engaged with what was, in the 1960s, one of the central issues of painting. Following upon the more intuitive indulgences of abstract expressionism, the tougher questions were addressed, of what a painting was, and how to make it more itself. If an image is but an illusion, leaves it out. If a painting is but a coat of paint upon a surface, leave it at that. And if variations of colour or surface-texture begin to seem arbitrary and unnecessary embellishments, then reduce the variation to uniformity, and drain the colour away until only white is left.

The most fascinating part of the show is indeed that given to this earliest phase in



Robert Ryman's 'Untitled', 1968: one of the few pictures you can actually see done for sculpture of the time.

Ryman's progress - he is now 62 - when he was wrestling with these problems, simplifying and re-complicating his surfaces and, in the process, achieving results that were highly personal, inimitable, and often, in the sensuality of the paint itself, very beautiful. But just how reductive, how simple, could he afford to be? The deceptive aesthetic of simplicity too soon seduced him, and he has been playing the game of elegant, pseudo-radical simplicity ever since, sustained it must be said (and good luck to him) by the enthusiasm of the museums and the market place.

Successive stripes of paint cross the canvas, leaves inevitably a record of every insensate variation of touch and pressure. Every painter who ever primed a canvas knows the wonderful thrill of that first loaded brush, and has played the game of leaving it that, or just one more, and just another

but it is only a game. We all know that to put anything, anything at all, on a bare white wall is to invest it for the moment with an aura of cosmic significance. A blank sheet of paper, four pins to describe a square, a length of aluminium beading - to go through the later rooms of this retrospective is to see the radical minimalist become but an aesthetically working his endless decorative variations, and wondering to himself: whatever next? A sad business.

The Lisson Gallery's *Out of Sight: Out of Mind* is another salutary and entirely justifiable historical exercise, but again the fundamental issue is inescapable. It is an ambitious group show which deals rather more comprehensively with the graphic, photographic and cerebral manifestations of 1960s and early 1970s conceptual art than *Gravity & Grace*, at the Hayward, has lately

Robert Ryman: Tate Gallery, Millbank SW1, until April 25, then on to Madrid, New York, San Francisco and Minneapolis; sponsored by the Horace W. Goldsmith Foundation and the Patrons of New Art. "Out of Sight: Out of Mind": Lisson Gallery, 67 Lisson Street NW1, until April 3

Concurrently with *The African Company*, in its smaller theatre in the round, Arena Stage is presenting a new production (and new translation) of Pirandello's *Così è (se si pare)*, now called *It's the Truth (If you think it is)* staged by the Romanian Liviu Ciulei.

It is a confident, competent staging, though the acting is uneven. Following the Italian dramatist's clues, Ciulei sees all the characters except the three principals as grotesques, a chorus representing public opinion, received ideas, and he has some delightful accomplices in Halo Wines (as Amalia) and Trazana Beverley (Signora Sirelli). Richard Bauer plays Pirandello's alter ego Lambertino Landini with the proper cynicism and detachment, but there is a sameness in his drawing delivery that becomes finally tiresome.

In the crucial "mad" roles, Tana Hickie (Signora Froia) and Henry Strozier (her son-in-law Ponza) strike just the right note of reasonableness. In the small role of the buller, Teagle F. Bougere invents a brief comic turn that affords an amusing variation on Pirandello's theme of appearances versus subjectivity.

Peter Zimmermann. Tomorrow and Thurs: Emmanuel Krivine conducts Orchestre de Paris in Mozart, Rakhmaninov and Rimsky-Korsakov, with piano soloist Michel Beroff. Fri: Michel Corboz conducts choral works by Honegger, Martin and Mozart (4583 0798). Salle Gaveau Tomorrow: Anatol Ugorski piano recital. Sat: afternoon: François Le Roux and Nash Ensemble in music by Bliss, Milhaud, Ravel and Poulenc (4230 2308).

Théâtre des Champs-Élysées Thurs: Neeme Järvi conducts Orchestre National de France in works by Denisov, Pärt, Schnittke and Prokofiev, with violin soloist Gidon Kremer (4720 3837). Centre Pompidou Thurs and Fri: David Robertson conducts Ensemble InterContemporain in works by Suzanne Giraud, Klaus Tordensson and Steve Reich (4280 9427).

JAZZ/CABARET Lionel Hampton Jazz Club American blues guitarist Luther Johnson and his Magic Rockers, daily till March 6, music from 22.30 (Hôtel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042).

ZURICH Opernhaus Tonight: Nikolaus Harnoncourt conducts Ruth Berghaus' new production of Der Freischütz, with Inga Nielsen, Gösta Winbergh and Matti Salminen (also Thurs and Sat). Tomorrow: ballet mixed bill, with choreographies by Nijinski,

Rock/Andrew Clements

Eric Clapton

Scarcely had one of rock's living legends shambled out of town for the next stop on his endless tour than another of the great and the good started his annual residency at the Albert Hall: this is the seventh successive year that Eric Clapton has held court there before his ageing admirers.

As usual the show is effortlessly professional and wonderfully executed; Clapton takes no chances. He has surrounded himself with an outstanding band - a five-piece outfit, with three brass drafted in for the last lap - which includes Andy Fairweather Low, ex-Little Feat drummer Richie Hayward, and Joe Cocker's pianist Chris Stainton.

This year there is only one

programme for all 14 concerts; "rhythm and blues" is what the tickets promise, and that is precisely what the punters get, with rather more of the latter than the former. If at least 50 per cent of the audience was waiting him to launch into "Layla" or "Wonderful Tonight" what they got instead was a spin through the history of the blues from the 1920s to the present day. It begins with Clapton alone playing acoustic guitar against Stainton's piano and ends two hours later with his peerless electric sound cutting through the full band like a surgeon's knife.

Nevertheless it took a while for the temperature to begin to rise. The first dozen songs, as Clapton moved through Robert Johnson, Big Bill

Bronzzy, Muddy Waters and Jimmy Rogers seemed respectful rather than engaged, and it was only Fairweather Low, seizing his one solo opportunity on Elmore James's "Coming Home", who really took hold of the material and squeezed hard. Clapton then took the hint; a Howling Wolf group full of heavy dark guitar work, began the revival and numbers by Bobby Bland and Freddie King finally received the full treatment.

The audience seemed to go home happy enough, though the irony of this immaculately turned-out white musician in his designer suit singing Bessie Smith and Robert Johnson should have hit a raw note somewhere in the hall.

Theatre

'Elektra' according to Ezra Pound

Translation flowed near Ezra Pound's heart. For more than 50 years it occupied him, and it has occupied him ever since. Floods through his Cantos; his versions of Greek, Latin, French, German, Italian, Anglo-Saxon, Provençal and Chinese poetry amount to a large part of his output. And his 1954 rendition of Sophocles's tragedy *Women of Trachis*, as has long been recognised, is in the vanguard of radical translation, with its freedom from conventional grammar, and its patches of speech printed in upper-case. (See, for example, *Herakles*, last words: "Come at it that way, my boy, what! SPLENDOR, ALL COHERES.")

Pound had already tackled another Sophocles play, the *Elektra*, in 1949, while first recovering from nervous breakdown and mental instability in St Elizabeths Hospital, Washington D.C. He undertook it with enthusiasm. But he put the translation under the name of his assistant Rudd Fleming, an American professor and novelist, for his pro-fascist war record had left him in a legal situation then so precarious that he did not wish to be known as sane enough to be able to translate Sophocles. Only in 1989 was it published as Pound's version - and in 1990 in the UK (Faber & Faber).

The first voice is that of Norman Lamont, the chancellor of the exchequer, sounding remarkably resonant about the British government's determination to defend the value of sterling within the exchange rate mechanism of the European monetary system. The only seating place on stage is on top of a large bundle of apparently unread copies of the *Financial Times*. What is known in the trade as returns.

The chancelor was speaking before September 16 last year, a date generally though not universally regarded as Black Wednesday. In the play, the characters call it White Wednesday, not because they have an alternative economic policy based on a floating pound, but because they did wall out of the speculation.

Between them they picked up about £30m. *Killing Him* is written and directed by Cripsh White, co-founder of a relatively new company called Cambridge Nights. The striking fact is not so much the quality of the play as the subject. Can it really be true that you fill a pub theatre in Camden Town on a Saturday night with jokes about the Bundesbank?

The answer is yes. Actually, the best part of the play has nothing to do with currency dealing. It is based on a serious bird-watcher or "twitchee" called Kevin (played by Will Keen) who takes a more long-term view of the world than the speculators. Remember, however, that Norman Lamont is also a bit of a twitchee; there may be some

deeper meaning here, maybe not.

This is not the only obscurity. It is not obvious, without being told, that the girl in the play (Nicola Walker) used to work as a spy for the old East German regime. That is why she sleeps with bankers and knows the secret wishes of the Bundesbank.

Some of the basic techniques of story-telling still have to be learned, but here at least is a piece that enters new territory. So far as I can make out the attitude to currency speculation is morally neutral.

Malcolm Rutherford

Etobetera Theatre Club, London N1 until March 7, 9.30 pm (not Mondays), (071) 482 4867

'Killing Him': a bit of a twitcher

The first voice is that of Norman Lamont, the chancellor of the exchequer, sounding remarkably resonant about the British government's determination to defend the value of sterling within the exchange rate mechanism of the European monetary system. The only seating place on stage is on top of a large bundle of apparently unread copies of the *Financial Times*. What is known in the trade as returns.

The chancelor was speaking before September 16 last year, a date generally though not universally regarded as Black Wednesday. In the play, the characters call it White Wednesday, not because they have an alternative economic policy based on a floating pound, but because they did wall out of the speculation.

Between them they picked up about £30m. *Killing Him* is written and directed by Cripsh White, co-founder of a relatively new company called Cambridge Nights. The striking fact is not so much the quality of the play as the subject. Can it really be true that you fill a pub theatre in Camden Town on a Saturday night with jokes about the Bundesbank?

The answer is yes. Actually, the best part of the play has nothing to do with currency dealing. It is based on a serious bird-watcher or "twitchee" called Kevin (played by Will Keen) who takes a more long-term view of the world than the speculators. Remember, however, that Norman Lamont is also a bit of a twitchee; there may be some

deeper meaning here, maybe not.

This is not the only obscurity. It is not obvious, without being told, that the girl in the play (Nicola Walker) used to work as a spy for the old East German regime. That is why she sleeps with bankers and knows the secret wishes of the Bundesbank.

Some of the basic techniques of story-telling still have to be learned, but here at least is a piece that enters new territory. So far as I can make out the attitude to currency speculation is morally neutral.

Malcolm Rutherford

Etobetera Theatre Club, London N1 until March 7, 9.30 pm (not Mondays), (071) 482 4867

Theatre in Washington/William Weaver

The African Company presents Richard III

his political influence to have their theatre closed and their company arrested. The company, however, survived this setback, and a few years later, produced a new play called *The Drama of King Shaka* based on the story of the black Caribbean Chatoyer, killed in an insurrection.

In reconstructing these events Carlyle Brown first did considerable scholarship; but, inevitably, since black history in America is full of tantalising gaps, he rightly made effective use of his own poetic imagination. The actors of the African Company - waiters or domestics by day - had their private stories, which Brown reinvents with insight and wit. But their stories fit also into the larger history of the US and of racial conflict there.

The chief black actor of the 19th century company was a waiter named James Hewlett (now played by Leon Addison Brown), whom the playwright makes a mercurial, moody, mordant victim. In an

early scene, Hewlett says "Coloured people all the time." Their submission, their obedience, the persona they offer their white masters is all a performance. Later, the same Hewlett does an ironic imitation of the white man's cliché black man, dancing and singing with searing pain.

Carlyle Brown is fortunate in his cast and in his director, Tazewell Thompson, who has carefully gauged the behaviour of the characters according to whether they are alone, among themselves, or in a racial confrontation. In addition to Leon Addison Brown, the young actor Jonathan Earl Peck provides a full length, three-dimensional portrait of the black impresario William Henry Brown; mettlesome, resourceful, human.

And, dominating the stage at his every appearance, Wendell Wright offers a generous, irresistible Papa Shakespeare, a Falstaffian figure still close to his African roots, a man wise in ancient lore and sharp in his

poetic. production is Bettina, a Goldoni-based play directed by Jean-Claude Berutti opening next Tues (217 0303)

PARIS

DANCE/OPERA Palais Garnier Tanztheater Wuppertal presents Gluck's *Orfeo* choreographed by Pina Bausch, daily till Sat. March 4-8; young company of Opéra Ballet (4017 3333).

Châtelet La traviata: Antonio Pappano conducts Klaus Michael Gruber's production, with Glusya Devina and Veronica Villarroel alternating in title role. Final performances tomorrow, Thurs, next Mon and Tues (4028 2840). Opéra Bastille Les Contes d'Hoffmann: John Nelson conducts Roman Polanski's production, with Francisco Araiza, Sumi Jo, Mara Zampieri and Jean-Pierre Lafont (final performances tomorrow and Sat). A new production of Benvenuto Cellini opens on March 5 (4001 1616).

Théâtre de la Ville Ute Lemper, daily till Sat (4274 2277). Châtelet Barok cycle: Philharmonia Orchestra is tonight conducted by Heinz Holliger, with piano soloist Peter Donohoe, and on Fri by Ivan Fischer, with violin soloist Thomas Zehetmair. Sun: Ensemble InterContemporain (4028 2840). Salle Pleyel Tonight: Marek Janowski conducts Orchestre Philharmonique de Radio France in works by Beethoven and Franck, with violin soloist Frank

Peter Zimmermann. Tomorrow and Thurs: Emmanuel Krivine conducts Orchestre de Paris in Mozart, Rakhmaninov and Rimsky-Korsakov, with piano soloist Michel Beroff. Fri: Michel Corboz conducts choral works by Honegger, Martin and Mozart (4583 0798). Salle Gaveau Tomorrow: Anatol Ugorski piano recital. Sat: afternoon: François Le Roux and Nash Ensemble in music by Bliss, Milhaud, Ravel and Poulenc (4230 2308).

Théâtre des Champs-Élysées Thurs: Neeme Järvi conducts Orchestre National de France in works by Denisov, Pärt, Schnittke and Prokofiev, with violin soloist Gidon Kremer (4720 3837). Centre Pompidou Thurs and Fri: David Robertson conducts Ensemble InterContemporain in works by Suzanne Giraud, Klaus Tordensson and Steve Reich (4280 9427).

JAZZ/CABARET Lionel Hampton Jazz Club American blues guitarist Luther Johnson and his Magic Rockers, daily till March 6, music from 22.30 (Hôtel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042).

ZURICH

Opernhaus Tonight: Nikolaus Harnoncourt conducts Ruth Berghaus' new production of Der Freischütz, with Inga Nielsen, Gösta Winbergh and Matti Salminen (also Thurs and Sat). Tomorrow: ballet mixed bill, with choreographies by Nijinski,

Bernd Bienert, Arthur Saint-Léon and Jorma Uotinen. Fri: Harnoncourt conducts revival of John Dew's production of La clemenza di Tito, with Lucia Popp and Ann Murray. Sun afternoon: Blenert's production of Nutcracker. Sun evening: Il barbiere di Siviglia. Mon: Christa Ludwig song recital (262 0909). Tonhalle Tonight: Michael Stern conducts Tonhalle Orchestra in works by Prokofiev and Stravinsky, with violin soloist Boris Belkin. Sun: Belkin, accompanied by Michael Dalberto, plays violin sonatas by Brahms, Mozart, Schubert and Prokofiev. March 3, 5: Mitsuko Uchida (206 3434).

CHICAGO

Orchestra Hall Thurs, Fri, Sat and Sun: Franz Welser-Möst conducts Chicago Symphony Orchestra in Mendelssohn's First Piano Concerto (André Watts) and Schumann's Fourth Symphony (435 6668).

WASHINGTON

Kennedy Center Concert Hall Tonight: Neville Marriner conducts National Symphony Orchestra in works by Berlioz, Respighi and Rimsky-Korsakov. Thurs, Fri afternoon and Sat: Marriner conducts Sibelius' Violin Concerto (Leila Josefowicz) and Holst's Planets (202-487 4600). Terrace Theater Tonight: James Tocco piano recital. Thurs: Academy of St Martin in the Fields String Octet (202-487 4600).

Opera House Tomorrow evening and Sun afternoon: Turandot with Eva Marton (repeated March 2, 5, 8, 13). Sat: Christopher Keene conducts first night of The Cunning Little Vixen, with Mary Mills in title role. Bill Bryden's Covent Garden production, sung in English, is restaged by Michael Beauchamp. Further performances March 1, 3, 8, 9, 12, 14 (202-467 4600).

Baltimore Symphony Orchestra Fri and Sat evening. Sun afternoon at Joseph Meyerhoff Symphony Hall: David Zinman conducts Beethoven's Fourth Piano Concerto (Angela Hewitt) and Sixth Symphony (410-783 8000).

THEATRE Unidentified Human Remains and The True Nature of Love: Brad Fraser's graphic account of relationships both healthy and not, in a production by Dorothy Neumann which includes violence and nudity. Daily till Sat (Signature Theater 703-685 4331).

JAZZ/CABARET

Blues Alley Jazz Supperclub Betty Carter, vocals, daily till Sun. Next Mon and Tues: John Scofield Quartet with Joe Lovano, guitar/sax (1073 Wisconsin Ave, in the alley, 202-337 4141). Barns of Wolf Trap Tomorrow: Carlos Barbosa-Lima, classical guitar. Thurs and Fri: David Wilcox, acoustic folk music. Sat: Jonathan Edwards, acoustic-based music. Next Tues and Wed: Cleo Laine and John Dankworth (703-255 1916).

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERTS The main event this week at the Concertgebouw is Bernard Haitink's reunion with the Royal Concertgebouw - his first concerts with the orchestra since 1988, when he resigned after more than a quarter-century as music director. Tomorrow, Thurs and Fri, Haitink conducts works by Berlioz, Ravel and Mahler. Other events: a Brahms concert with Rheinland Pfalz State Philharmonic Orchestra tonight, a cello recital by Natalia Gutman on Fri, a concert performance of Gluck's *Alceste* on Sat afternoon (conducted by Arnold Oestman) and a King's Singers concert on Sat evening. Next Mon: Shirley Bassey (6718 345). Sat at Beurs van Berlage: Netherlands Baroque Orchestra plays works by Boccherini (6270 466).

OPERA/DANCE A Dutch National Ballet mixed bill, with choreographies by

Balanchine, Ted Brandsen and Martha Graham, runs daily except Sat and Mon till March 3 at Muziektheater. Next Mon: first night of Pierre Audi's new production of Monteverdi's *Ulisse*, in repertory till March 30 (6255 455).

BRUSSELS

Palais des Beaux Arts Antoni Ros-Marba conducts Belgian National Orchestra on Thurs evening and Sun afternoon. Gerhard Oppitz is soloist in Dvorak's Piano Concerto on Thurs, and Philippe Hirschhorn in Brahms' Violin Concerto on Sun. Next Tues: Maria Joao Pires plays Mozart. Next Thurs and Fri: Brussels Choral Society in Mahler's Second Symphony (507 8200).

Monnaie Philippe Boesmans' new opera *Reigen*, with a libretto by Luc Bondy after Schnitzler, opens on Sun, with further performances on March 2, 4, 5, 7, 9, 10, 12, 13. Sylvain Cambreling conducts a staging by Bondy, designed by Erich Wonder, with a cast including Françoise Pollet and Solveig Kringlebotn (219 6341). Chapelle Royale Tomorrow at 19.00: Elinor Bennett performs harp music and folk songs from Celtic countries, including harp music from Wales, plus works by William Mathias and John Parry (Advance booking from Wales European Centre, 502 5909). Théâtre National The next

European Cable and Satellite Business TV (All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

MONDAY Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630

WEDNESDAY Super Channel: Financial Times Reports 2130

THURSDAY Sky News: Financial Times Reports 2030; 0130

FRIDAY Super Channel: European Business Today 0730; 2230 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030

SATURDAY Super Channel: Financial Times Reports 0930 Sky News: West of Moscow 1130; 2230

SUNDAY Super Channel: West of Moscow 1830. Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030

As he brought down the hammer to open the first privatisation auction in Ukraine, Volodymyr Pylypchuk, chairman of the parliamentary commission on economic reform, joked that his historic wooden mallet could eventually be worth more than any of the small businesses on sale.

Yet last Saturday's modest auction of 17 restaurants and shops in the western Ukrainian city of Lviv - out of a total 4,000 small state businesses in the city - was the most concrete sign yet of the government's intentions. It showed it is serious about transforming one of the most conservative of the former Soviet republics into a market economy.

If market reforms succeed, Ukraine could form a stable and prosperous buffer state between eastern Europe and Russia. But if they fail, the region could be destabilised as nationalist forces in Ukraine and Russia, both of which possess nuclear weapons, stake up simmering territorial and military disputes to distract the public's attention from economic collapse.

Ukraine's economy certainly needs radical change. The most populous republic after Russia, it has a budget deficit equal to 36 per cent of gross domestic product and an accelerating inflation rate of more than 50 per cent a month (13,000 per cent a year), which have undermined its fledgling new currency, the coupon.

Last November, parliament granted Ukraine's new government the authority to rule the crumbling economy by decree. The cabinet has responded with a stream of reforms to liberalise prices and cut the budget deficit. Food prices tripled at the end of December as subsidies were cut, and the number of people entitled to social welfare payments has been reduced from 20m to 2m.

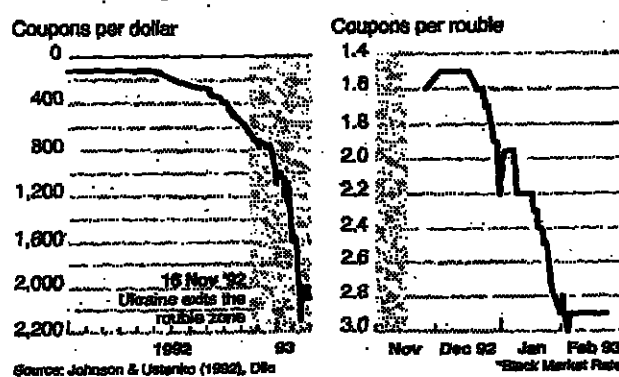
These tough measures have convinced sceptics that the prime minister, Leonid Kuchma, believes in economic reform. But Ukraine's task is even more difficult than that of Russia, where reforms appear to have stalled, because Ukraine faces obstacles to economic change from outside as well as within the state.

Ukraine remains heavily dependent on oil from Russia and trade with the other former Soviet republics, which together accounted for more than 80 per cent of Ukraine's trade and more than a third of total industrial production before the collapse of the former Soviet Union. But economic relations with Russia have deteriorated.

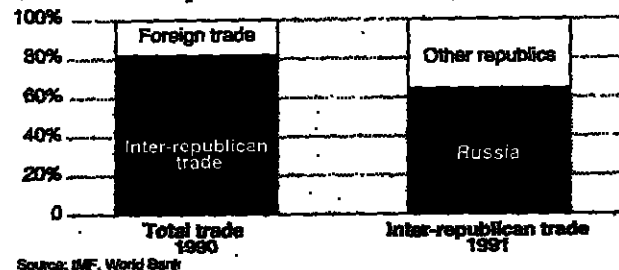
Reform club's new member

Privatisation in Ukraine has begun at last, write Edward Balls and Chrystia Freeland

Ukraine slips into hyperinflation ...



... as inter-republican trade collapses



Source: IMF, World Bank

Ukraine's economy certainly needs radical change. The most populous republic after Russia, it has a budget deficit equal to 36 per cent of gross domestic product and an accelerating inflation rate of more than 50 per cent a month (13,000 per cent a year), which have undermined its fledgling new currency, the coupon.

Last November, parliament granted Ukraine's new government the authority to rule the crumbling economy by decree. The cabinet has responded with a stream of reforms to liberalise prices and cut the budget deficit. Food prices tripled at the end of December as subsidies were cut, and the number of people entitled to social welfare payments has been reduced from 20m to 2m.

These tough measures have convinced sceptics that the prime minister, Leonid Kuchma, believes in economic reform. But Ukraine's task is even more difficult than that of Russia, where reforms appear to have stalled, because Ukraine faces obstacles to economic change from outside as well as within the state.

Ukraine's economy certainly needs radical change. The most populous republic after Russia, it has a budget deficit equal to 36 per cent of gross domestic product and an accelerating inflation rate of more than 50 per cent a month (13,000 per cent a year), which have undermined its fledgling new currency, the coupon.

Last November, parliament granted Ukraine's new government the authority to rule the crumbling economy by decree. The cabinet has responded with a stream of reforms to liberalise prices and cut the budget deficit. Food prices tripled at the end of December as subsidies were cut, and the number of people entitled to social welfare payments has been reduced from 20m to 2m.

These tough measures have convinced sceptics that the prime minister, Leonid Kuchma, believes in economic reform. But Ukraine's task is even more difficult than that of Russia, where reforms appear to have stalled, because Ukraine faces obstacles to economic change from outside as well as within the state.

without confronting the more reactionary ex-Communist forces in the state bureaucracy who still control the economy.

Ukraine's reformers, working closely with World Bank officials in Kiev, believe that the key to success is liberalisation and small-scale privatisation in order to bypass the bureaucrats. Without these measures, the government says it will be unable to meet its target of bringing inflation down to between 3 and 4 per cent a month by the end of this year.

Agriculture is to be privatised first: 13m Ukrainians are already landowners and produce 25 per cent of total food consumed in Ukraine. Reform-minded regions will be encouraged to pursue rapid privatisation of state property, following Lviv's example.

To enforce reform outside Kiev, the government is preparing a package of decrees that will bypass the local councils dominated by ex-Communists, by bringing regional governments directly under the control of the cabinet. The directors of Ukraine's 6,000 large state enterprises, at present answerable only to workers' collectives, will have to sign employment contracts with the state in the first quarter of this year.

Yet even if Kuchma, himself a former factory director, can control conservative regional officials and industrialists, his reforms are unlikely to succeed if trade fails to revive and Ukraine cannot secure a reliable, affordable energy supply.

Kuchma says restoring trade links with former Soviet republics is now a priority and supports moves to establish a new payments union for inter-republican trade. But Ukraine's leaders believe that Russia's motives in raising energy prices and restricting oil supplies reflect not only economic self-interest but also a political desire to bring Ukraine to heel.

Ukraine's oil quota this year is 1m tonnes less than Russia has promised Belarus, which is one fifth Ukraine's size but has access to all of Russia's political and military demands. Russia's deputy prime minister Viktor Shokin said last week that Russia will tie the continued supply of fuel to military and political conditions, including stationing Russian military bases in Ukraine.

"I cannot understand the Russian position," Kuchma said last week. "It can only be seen as pressure on Ukraine, motivated by something beyond economic considerations. This is a conflict in which there can be no victors."

Will the Single European Market see your share of the market disappear across the channel?

A visit to the HANNOVER FAIR could help to make sure your business doesn't lose out.

It's the largest and most important industrial fair in the world. So you'll get a broad view of the market-place, both in Europe and beyond. You'll also see the latest developments in machinery and systems. And you'll have the chance to make important business contacts. In fact after a few days in Hannover, keeping up with your competitors may well be replaced by more ambitious aims. Like overtaking the lot of them.

Automation Technology	Power Transmission and Control
Electric Energy Technology	Energy and Environmental Technology
Installation Technology for Buildings	Lighting Technology
Plant Engineering and Industrial Materials	Tools and Factory Equipment
Subcontracting and Components	Research and Technology

The world's biggest industrial fair

HANNOVER MESSE '93
21st - 28th APRIL

The trade barriers are down in Europe. Keep up with competition at the Hannover Industrial Fair.

Further information: Arnold Rustemeyer, 25 Hurst Way, South Croydon, Surrey CR2 7AP, Tel.: (081) 6 88 95 41, Fax: (081) 6 81 00 69

Joe Rogaly

No need to lose our heads



There is no need to panic. Britain is not in the grip of the spirit of evil, although a casual visitor, picking up a paper at the airport, might be forgiven for thinking so. Law and order has not broken down, although the prime minister and the home secretary are beginning to speak as if it has. In most places, most of the time, the streets are safe, although anecdotal evidence suggests that they are not. We are in no danger of being torn to pieces by marauding gangs of child criminals, led by new Lords of the Flies, although that is what is intimated by some of the responses to last week's tragic murder in Rotherham, of two-year-old James Bulger and the subsequent, shocking arrests of two 10-year-old boys charged with the crime.

As to the latter case, much is surmised, but little is known. A prosecutor's account of what happened may not be available before March 3, when the boys are next due to be brought before the court. Meanwhile, there is no indication that the horrific abduction and murder of which they have been accused is part of a general pattern. To say or imply, as many have, that this dreadful event is symptomatic of what is wrong with British society is cheap and easy, but almost certainly wrong.

Television pictures of two boys leading their tiny victim out of a shopping precinct have aroused strong emotions in most of us. They have also given a new, and unfortunate, impetus to the knee-jerk Right in its approach to all juvenile crime. To be sure, whoever killed baby James should be locked up and the key thrown away, but that has nothing to

do with the generality of young offenders, most of whom steal from cars or houses. Putting a 15-year-old car thief into an old-fashioned (and currently obsolete) approved school would guarantee that the Artful Dodger would quickly become Bill Sikes.

No, I have not fallen into the hands of Hampstead do-gooders or, worse, social workers. As the two larger political parties are now agreed, persistent young offenders should be incarcerated, if only to protect their potential victims. That, however, is the easy part. The far more difficult task is to isolate the causes of crime, and to encourage local police forces, teachers, parents, employers - everyone - to take whatever steps seem likely to prevent this or that youngster from going wrong in the first place.

For that you need social workers. Mr John Major appears to find this difficult to grasp. According to an account in the Mail on Sunday, the prime minister told his interviewers that "society needs to condemn a little more and understand a little less".

This must rank as one of the more unfortunate pronouncements that Mr Major has made, in tune with Lady Thatcher's "there is no such thing as society". Disapproval of criminal behaviour is certainly necessary. We should condemn wrongdoing before breakfast, lunch and dinner. But willfully understand less? The prime minister no doubt meant the excessive understanding that implies forgiveness of all misdemeanours, as in the song, Gee, Officer Krupke, by the "disturbed" young Jeebs in West Side Story. If so, he should

have made himself clear. Mr Kenneth Clarke is equally Delphic. He is selling bits of his soul for a few right-wing credentials, using phrases such as - did I hear him right? - "tasty little pieces of work". Like Mr Major, the home secretary has been joined into such language by the appearance on the government's right flank of Mr Tony Blair. Mr Blair is making a simple, but potentially devastating political point. The Conservatives have been in office since 1979. Between 1980 and 1991 the number of notifiable offences recorded by the police doubled. The Tories may have captured the market for rhetoric about being tough on crime, but their methods have not worked. Mr Blair therefore offered a new chant: Labour is tough on crime and tough on the causes of crime.

There is a certain amount of hokum in this. The statistics for recorded crime are notoriously unreliable. Surveys suggest that three or four times as many offences are committed as are put in the book by the police. The propensity for victims to report and the police to record particular crimes varies from place to place and year to year. We do not know, although many of us feel, that the crime rate has increased sharply. Our politicians correctly sense an upsurge of public disquiet about wrongdoing in general and, for the moment, juvenile offenders in particular.

Mr Blair has responded to this with greater ingenuity than either the prime minister or the home secretary. He has attempted to neutralise the argument that Labour is "soft

on criminals" by attacking the government for not providing enough "secure places" for young offenders. At the same time, Labour says, "it is clear that drugs, drink, glue sniffing and truancy increase the size and seriousness of the crime problem".

In a thoughtful paper the party suggests practical improvements in the present arrangements for handling young criminals. Many similar ideas are, or soon will be, in Mr Clarke's mind. Labour says its first purpose is to "stop youngsters getting into trouble", its second to divert first offenders from a life of crime.

The theme has been taken up by another Labour politician, Mr David Blunkett, the shadow secretary for health. He argues for "full-time community service for every young person between the ages of 16 and 21". Such a domestic peace corps would certainly reduce crime, since most of it is committed by teenage boys. It is an idea all parties should work on, with some urgency.

Mr Blunkett's paper for Labour's commission on social justice contains several suggestions as to how young people might be propelled into work. "Those committed to a new 21st century welfare state," he says, "have to cease what has been seen as paternalistic and well-meaning indulgence of the sub-culture of thuggery, noise and nuisance, and anti-social behaviour, often linked with drug abuse."

Labour has correctly perceived that victims must be protected from criminals. Everything that might prevent young people from turning to crime must be tried, but there will be failures, persistent recidivists. They have to be locked up, although there will be a price to pay. Meanwhile, there is no need to lose our heads.

Putting a 15-year-old car thief into an approved school would guarantee that the Artful Dodger would become Bill Sikes

There is no need to panic. Britain is not in the grip of the spirit of evil, although a casual visitor, picking up a paper at the airport, might be forgiven for thinking so. Law and order has not broken down, although the prime minister and the home secretary are beginning to speak as if it has. In most places, most of the time, the streets are safe, although anecdotal evidence suggests that they are not. We are in no danger of being torn to pieces by marauding gangs of child criminals, led by new Lords of the Flies, although that is what is intimated by some of the responses to last week's tragic murder in Rotherham, of two-year-old James Bulger and the subsequent, shocking arrests of two 10-year-old boys charged with the crime.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Talent going to waste

From R C Mitchell-Hegge

Sir, Your article ("Sharing out the available work may top the political agenda", February 18) should provoke a wider debate. Why does the UK allow such wastage of managerial talent, particularly in the field of export financing, at a time when the country is desperate to improve its trade imbalance? As a former redundant banker, I will testify for the great numbers of bilingual, marketing-experienced bankers who would leap at the opportunity to provide their services part time within a DTT-sponsored scheme.

This could be structured specifically to help small businesses coping with trade financing and other difficulties. R C Mitchell-Hegge, 20 Clonsilla Street, London SW6 6DR

Chancellor should not ignore damage done by ACT

From Mr Howard Davies

Sir, Your leader, "Budget for the supply side" (February 19), argues that the chancellor should not take action to relieve the double taxation of profits which arises from the operation of the ACT system, because the current arrangements lower the incentive for corporations to invest abroad.

That is now happening. It is why the chancellor should not ignore the problem of "surplus ACT" and should address it in his forthcoming Budget, before more damage is done. Howard Davies, director-general, Confederation of British Industry, 103 New Oxford Street, London WC1A 1DU

US must plug the sinking ship

From Mr Erik N Dunleavy

Sir, The US and its perennial budget deficits can be likened to an overloaded ship with a hole in the bottom. President Clinton's tax increase amounts to starting up another bilge pump, but his temporary stimulus means it is running backwards and pumping more water into the ship. Unfortunately, his spending cuts only reduce the hole from 500 cm to 300 cm. This isn't going to save the ship. For those who look hopefully to the small pick-up in the economy, I would point out that even a sinking ship occasionally rides a wave; however, it frequently founders in the next trough.

We, the people, must insist on fixing the hole permanently with the balanced budget amendment and the line item veto. There is no time to lose; the foreign crew who have been fueling the pumps with their loans may take to the lifeboats. Erik N Dunleavy, 141 Centre Island Road, Oyster Bay, NY 11771, US

Crucial point

From Ms Elizabeth Balsom

Sir, Your account of the financial restructuring at Mrs Fields (UK) omits one crucial point: why did an American company, which, to the best of my recollection, at the time of its stock market debut had no UK outlets, choose to list on London's USM rather than in New York, with all the complications stemming from a share price in pence and a balance sheet and income statement in dollars?

The obvious answer would seem to be that the USM's disclosure requirements were less onerous, making life easier for companies, but more difficult for investors. If shareholders had stopped to ask that simple question, they might not have got involved. Institutions should have known better. Elizabeth Balsom, 16 Coalcroft Road, London SW15 6LP

Fuel tax no answer road congestion, and tolls maybe need sweetener

From Mr Giles Keating

Sir, Following my article "Absence of road pricing takes its toll" (Personal View, February 11), Patrick Barr and B W Barton (Letters, February 15 and 17) suggested that higher fuel duties would be better than tolls.

Fuel duties are a reasonably good levy on pollution, but they have little relation to congestion and are unfair to country drivers. I could use 50 litres of petrol driving on empty rural roads in Scotland and cause no congestion at all, while just 10 litres used in the rush hour in London or on the M25 motorway would add to the tailbacks.

With electronic tolls, peak-hour drivers would pay a surcharge over normal rates, and there would be discounts at

night. That would cut congestion, so bus companies and delivery companies would need fewer vehicles. Benefits like that offset the costs to the economy of collecting tolls.

Christopher Raymond (Letters, February 16) argues that these benefits must be balanced against people's dislike of paying tolls. Maybe a sweetener is needed: every household could be given £1,000 worth of shares in the road companies.

There would still be some £50bn of privatisation left for the government. Giles Keating, chief economist, Credit Suisse First Boston, 2A Great Titchfield Street, London W1P 7AA

Squeezed out

From Ms Jeannette Aspdon

Sir, I recently attended a hearing of the US House of Representatives' Committee on Space Science and Technology, Subcommittee on Technology, Environment and Aviation. The subject of the hearing was the National Competitiveness Act of 1993. The orange juice that I bought in the cafeteria of the Rayburn House Office Building was a product of Brazil. Is there a message here? Jeannette Aspdon, 443 Sked Street, Pennington, New Jersey 08534

Example of Bophuthatswana should not be ignored in S Africa

From Mr Anthony McCall-Judson

Sir, Your editorial ("Buthezi's role", February 15) welcomes the agreement in outline that has now been reached in South Africa, but it should have drawn attention not only to the importance of Chief Buthezi but to the role of Bophuthatswana. The way to unlock the potential of South Africa's complex multi-ethnic and linguistic society will be via a federal structure. We say such a federation must ensure strong regional freedoms, simply to survive, with power flowing from the bottom up, not from the top down. Bophuthatswana will play a

key role. Your Johannesburg correspondent, Patti Waldmeir, gave a useful summary (February 2) of Bophuthatswana's prospects in the "new South Africa". Waldmeir points out that economic growth "has exceeded that in almost every other independent African country", adding, "on a continent which scarcely distinguishes itself by the quality of economic management, Bophuthatswana clearly excels". Our inward investors like Pilkington, ICI, BMW, Siemens and a large active community of skilled foreigners speak for itself. Standard and Poor's on Wall Street has given us its top three-star credit rating - a

rare achievement in the developing world. Government revenues have doubled every six years, no less, with rates of taxation coming down.

On the political front, President Mangoshe's elected government has insisted on the right of individuals to decide their own future at the ballot box and not to be coerced by intimidation into supporting ANC "liberation" politics. The Tswana have a lot to lose from reincorporation into South Africa, not only in material terms, as your correspondent observed, but quite possibly in political terms too. To them, "freedom for the people" rhetoric has a hollow ring,

since they've lived in their own non-racial democracy for over 15 years. Like their Tswana relatives in Botswana, this is one of the few true democratic societies in Africa.

The ANC's none-too-subtle political agenda in Bophuthatswana has been equally clear: to destabilise all official institutions by means of intimidation, violence and arson. The objective: to bring the authorities "to their knees" (in their words). Anthony McCall-Judson, head of public affairs, Bophuthatswana London Office, 33-37 Regent Street, London SW1

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday February 23 1993

When Brussels lacks steel

LITTLE BY little, the rationalisation of the European steel industry seems to be slipping into the distant future. This Thursday's meeting of EC industry ministers was supposed to be making concrete decisions on capacity cuts, aid and imports. Instead, it is to pass a resolution broadly supporting an outline plan yet to be drawn up by the EC Commission. If this sounds wishy-washy, it is probably meant to be. Killing off steel plants is a politically hazardous business. If the trigger must be pulled, no one wants their prints on the gun.

It is possible to feel a twinge of sympathy. Even the more extreme ideas emanating from the Commission are too half-hearted to be worth taking risks for. The ideal result would be a European steel industry which is not smaller than now, but is concentrated on the most efficient plants. No mechanism has even been suggested for bringing this about. If agreement were reached on taking out capacity, it would be left to the steel companies themselves to thrash out who should close what. This cartel approach certainly has the virtue of simplicity. Whether the result would approximate to a market-based solution, or indeed serve the interests of consumers, is another matter.

It might be argued that no such immediate solution was on the cards. Politics is inherent in European steel, if only as a matter of history. Perhaps all Brussels can hope to do is to hand out central cash to persuade member states to spend less on individual subsidies.

That way, the disciplines of the market may be allowed to work more effectively in the long run. The alternative would be for the EC to specify which plants should be closed. Not only would that further step be politically impossible: it is far from clear that the EC is equipped to take it.

The one matter which is wholly within the jurisdiction of Brussels is that of steel imports from eastern Europe. Here the EC faces a genuine dilemma. It is doubtless true that, at the margin, imports from the east are disruptive. If obsolete plants are run for cash with no thought of replacement, a business run as a going concern cannot hope to compete on price. Thus, to allow free access to eastern steel risks adding to the ranks of jobless EC steelworkers. The snag is that the alternative might be playing host to jobless Polish and Czech steelworkers instead.

In such a situation, the only answer is compromise. But in debating how much subsidy and protection to allow, Brussels should remind itself of a simple fact. In the face of small-scale, flexible methods of steel production, Europe's huge integrated steel mills may be industrial dinosaurs anyway. The longer they are propped up, the more the EC risks ending up without a steel industry in the long run. In terms of comparative advantage, that need not necessarily be a bad thing. But in social as well as economic terms, it points an obvious moral. Rather than keep workers unproductively employed, the trick is to find them something better to do.

Repent at haste

ACTIONS HASTILY conceived in circumstances of national outcry are often later regretted or simply turn out to have been nugatory. The effectiveness of the English criminal justice system has been seriously weakened by miscarriages of justice perpetrated at times of public outrage after horrible terrorist bombings. A series of vicious attacks by dogs two years ago produced the Dangerous Dogs Act which has failed to rid Britain of killer dogs but provided lawyers with work defining breeds.

There is a similar peril in the present moral panic over the killing on Merseyside of a two-year-old boy, apparently by older children. The intense media coverage has led many to suppose that the UK has become engulfed in a tide of violent crime. Several recent news stories have been cheaply and misleadingly linked to suggest that children are at the forefront of the crime wave.

Recorded crime rates have certainly risen, as in almost every other advanced economy. But fear of crime has risen much faster. And there is, sadly, nothing new about children killing other children - as those with memories long enough to remember the case of Mary Bell will know.

Such considerations count for little, however, when politicians sent an issue of popular concern. The parties vie to demonstrate their commitment to ever-stronger measures, with little consideration of their efficacy. The prime minister is right to call for greater condemnation of violent crime. But

his corollary of less effort to understand the criminal is exactly what is not needed. Much more work is required to examine the many factors which lie behind increased crime rates.

These include unemployment, which has left pockets of deprivation in many large cities where crime is seen as the only way of acquiring material wealth. There is the failure of schools which send 40 per cent of students to further education colleges with inadequate numeracy and literacy skills, along with vocational training system still very much in the throes of uncertain reform. There is the erosion of the nuclear family, which provided two adults to share the burden of parenthood. And there is the question of violence in the media, which may create an impression that violence is the norm.

There is also the easy availability of drugs, trafficking in which offers financial rewards way beyond those possible through hard work. Those attractions are enhanced at a time of few job opportunities for young people with no qualifications.

There will be disagreements over the weight to be assigned to each of these and to many other relevant factors. But anyone who hopes to contribute to solutions must recognise that dealing with this complex issue needs multifaceted policies managed with skill and determination over long periods. That is the note the government needs to strike in the coming days.

Paying for roads

WITH BRITAIN'S railways facing privatisation, there is symmetry in the idea of putting the roads on a commercial basis too. Why, after all, should they be exempt from a process that has touched every other part of the nation's transport infrastructure?

Up until now, the lack of any income stream from the roads has rendered the notion futile. But that could change: a great paper in April will explore the possibility of introducing tolls on trunk roads and motorways to help finance new roadbuilding, while in the longer term, the government is talking of introducing electronic road pricing in urban areas to tackle traffic congestion.

Political risks apart, the notion of road charging must be attractive to any government: it offers the opportunity of opening up a very substantial source of revenue while simultaneously being seen as encouraging an environmentally friendly switch of passenger and goods traffic to public transport. Even so, it raises some awkward questions.

In the case of trunk roads and motorways, one argument for tolls is that they would help fund the construction of new capacity. But Britain's trunk roads and motorways were not built as toll roads, so a toll system could prove appallingly expensive to instal and might also be costly to run. If so, the equivalent sums could be raised more cost-effectively through the existing system of fuel and vehicle taxes.

The other main argument for

tolls is that they are necessary to provide a framework in which the private sector will go into business building and operating roads at a profit. But the private sector already builds roads on the government's behalf. If the government wants the private sector to fund them, too, it is not clear what is wrong with asking it to go on doing so as it already does: through the gilts market.

Much stronger arguments exist for road pricing in urban areas. Here, where more roadbuilding is usually impractical, high user charges on busy routes would be a much more efficient way of rationing available space than congestion, and the proceeds could be ploughed into better public transport. Yet this idea has taken a back seat to the toll roads plan.

The government is in danger of getting itself into a muddle over road user charges. Already, suspicions are aroused. Will the proceeds from tolls really be applied to building better roads, or will they simply represent a new source of taxation? Is there really an environmentally friendly angle to the plan, or is it more to do with the government's determination to keep the privatisation show running? Why press ahead with toll roads at a time when urban road pricing looks a much higher priority?

The green paper will need to produce some convincing answers to questions like these if it is to convince a sceptical motoring public that the benefits of toll roads will outweigh the costs.

Baroness Denton of Wakefield, the UK minister for small businesses, has some handy hints for companies at their wits' end over the late payment of bills. They include nocturnal telephone calls to the offending company's chairman and sending scruffy teenagers to squat in reception.

The minister may be half-joking, but the problem of late payment, now enveloping companies of every type and size, is no laughing matter. She says: "There are real, moral issues here which must be addressed if we are to stop companies from needlessly going bust."

It is already too late for Mr Harry Atkinson, whose Manchester-based carpentry business has just joined the 20 UK companies expiring daily. "My customers killed me," he says. "The bank pulled the plug for £22,000 when I had £80,000 overdue."

A time lag in paying suppliers provides a legitimate form of inter-company credit, and gives customers the chance to check the quality of goods and services. But when the practice is abused, suppliers' cash positions deteriorate and interest charges and production costs escalate. Creditor companies then delay paying their own debts to avoid more costly sources of finance.

Recession-hit companies now speak of a crisis within a business community unable or unwilling to break free from a vicious circle of overdue debt.

The disease, however, is not peculiarly British. The European Commission has just launched an investigation into late payment, which is "spreading contagiously" throughout the Community.

Some member states are so alarmed they are considering using competition law to impose financial penalties on offending companies. The Association of British Factors and Discounters, whose members provide cash against unpaid invoices, warns that hopes for higher UK sales in Europe following last September's sterling devaluation are threatened because spreading recession is lengthening payment delays. It claims the time taken for European companies to pay increased on average by a third in 1992. Even in Germany, where payment practices are held to be exemplary, payment periods have stretched from 30 to 50 days.

In the UK, a survey this month from Trade Indemnity, the credit insurer, underlines the problem. It shows that, in December, only 3 per cent of nearly 600 companies contacted were paying on time.

Businesses report they are having to wait, on average, nearly one month beyond the agreed date of payment - itself often 30 days after delivery. The average value of debt per company at least 30 days outstanding was more than £120,000, with engineering, construction,

Late payments are behind a growing number of corporate casualties in Europe, writes Michael Cassell

The dangers that lurk in delay

When late is as bad as never

Late payments by sector (Days late)

Sector	Days late
Food	10
Metals	15
Engineering motor	20
Construction	25
Chemicals	30
Textiles	35
Agents	40
Business services	45
Timber	50
Paper & printing	55
Clothing	60
Distribution textiles	65
Distribution food	70
Distribution timber	75
Steel stockholders	80
Building merchants	85
Distribution other	90
Miscellaneous	95

Source: Trade Indemnity

PAYMENT OVERDUE

Country	Normal payment terms (days)	Actual payment period (days)
Belgium	30-60	78
Denmark	30-45	60
France	60-90	115
Great Britain	30	80
Germany	30	50
Italy	60-90	95
Netherlands	30	45
Norway	15-30	52
Spain	60-90	105
Sweden	30	55
Switzerland	30	60

Source: Association of British Factors & Discounters

Average number of days beyond due date

Days beyond due date	Percentage of companies
Less than 10m	10%
11-20m	20%
21-30m	30%
31-40m	20%
41-50m	10%
51-60m	5%
61-70m	5%
71-80m	5%
81-90m	5%
91-100m	5%
101-110m	5%
111-120m	5%
121-130m	5%
131-140m	5%
141-150m	5%
151-160m	5%
161-170m	5%
171-180m	5%
181-190m	5%
191-200m	5%
201-210m	5%
211-220m	5%
221-230m	5%
231-240m	5%
241-250m	5%
251-260m	5%
261-270m	5%
271-280m	5%
281-290m	5%
291-300m	5%

Source: Association of British Factors & Discounters

steel and paper sectors suffering most from large, overdue debt.

The government and the private sector are promoting a number of voluntary initiatives to try to combat the damaging drift of indebtedness. But there are doubts about their effectiveness.

Only one piece of legislation is planned so far. By the end of 1993, large companies are likely to be required to state in notes to their accounts the average time taken to pay their bills. In a consultative document published last month, the Department of Trade and Industry defines "large" as any company which satisfies at least two of the following conditions: a turnover of more than £11.2m, a balance sheet total exceeding £3.9m, or more than 250 employees.

Critics say the measure has no teeth - the only penalty for poor performance will be the wrath of suppliers - and that companies will be able to manipulate their record by behaving impeccably while they monitor their payment performance.

Mr Martin Simons, former head of competitor analysis at Imperial Chemical Industries, says the proposals are open to abuse and wants

an industry-wide, standard payment term of about 35 days following the date of invoice.

"Funds would flow more steadily and there would be more effective credit control. Debt would be half the level experienced under the present, archaic free-for-all."

"It would eliminate the common practice of ordering a small consignment at the end of a month, which attracts agreed credit of 20 or 30 days, followed by placing a bigger order at the start of the next month, attracting up to 60 days' credit," Mr Simons adds.

Ministers accept that the public sector must lead by example: all government departments claim they insist their main contractors ordinarily pay their own suppliers within 30 days. However, the Property Services Agency, which manages the government's property estate, has just admitted making contractors wait months for payment, until it has been paid by other government departments.

The Confederation of British Industry, which has said that late payment threatens the survival of one in five companies, has a "prompt payers" code. It calls for a "clear, consistent" payment policy

and a system of dealing quickly with complaints.

Only 400 businesses from its 25,000-strong membership have so far signed up, but they include some of Britain's largest companies, such as Esso, Boots, British Airways and Glaxo.

Dr Ian Peters, a CBI deputy director, says: "It's a question of business culture. No one wants to pay up until they are forced to."

"If there is any hope of winning the battle, the big companies have to show the way. Some of them have terrible payment records and exploit a smaller supplier's reluctance to cause a fuss."

Mr David Frost, chief executive of Walsall Chamber of Commerce, which is running an experimental, government-funded hotline for company debt problems, agrees: "The biggest fear is upsetting customers. If you push too hard, they will think you are going broke or tell you to get lost because other companies are hungry for work."

Beyond the present initiatives, a majority of small and medium-sized businesses now appears to support the introduction of a legal right to interest on outstanding debts - in force in all EC member states

except the UK and Ireland. Ministers concede there are powerful arguments for a statutory right of interest, but stress companies must be free to agree the contract terms. They do not exclude more legislation to enforce better behaviour.

Some British companies already include in contracts interest penalties for late payment, but few take the uncertain path of seeking compensation through the courts.

Nor is there much evidence from Europe that a right to interest means prompt payment. The Commission acknowledges that penalties are rarely demanded or paid, while debt recovery in most European countries still invariably entails court proceedings.

Mr Tim Devlin, Conservative MP for Stockton South, is more enthusiastic: "The mere threat of punitive interest penalties would make many companies pay up and help bring about the culture change we desperately need."

Though less convinced about the role of legislation, organisations such as the CBI and the Federation of Small Businesses agree that streamlined court procedures for debt recovery must accompany any moves to improve corporate payment behaviour.

The government has pledged to speed up and simplify cumbersome and costly commercial debt recovery procedures, though business is sceptical it will achieve real improvements. The Lord Chancellor has already rejected a CBI plan for an independent debt tribunal which would hear disputed payment cases.

But companies are also accused of not helping themselves. According to Ms Barbara Bennett, a spokeswoman for Trade Indemnity: "The root of the problem is that credit control is regarded as a Cinderella activity, handed down to someone with low status on poor pay. Business must get to grips with credit management if things are to improve."

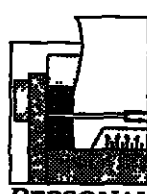
Up to a third of companies do not even have written payment terms. Mr Allen Page, a director of Marlborough Management, a Buckinghamshire-based business consultancy, says too many businesses are sales-driven and ignore vital financial disciplines.

"You can add legislation on late payment for ever and a day, with little effect. Companies have to end their damaging ambiguities on credit policy, sharpen up control procedures and get tougher."

Mr Page makes another point: "A lot of companies don't get paid on time because they have provided a shoddy, unsatisfactory service."

"Too often, holding back payment is the only way weapon available. Whatever the motive, it is a ruinous, cat-and-mouse game which no one can win."

Getting the benefit out of a job



PERSONAL VIEW

Most people greatly prefer to work for pay rather than receive government support for remaining idle. Nevertheless, the present UK government - like many of its predecessors and others elsewhere - discourages people from working by paying them when they are unemployed and then removing these benefits and imposing taxes when they become employed again.

The most straightforward way out of this unemployment trap is to introduce a policy that encourages employment. My proposal, the benefit transfer programme (BTP), is designed to do just that. It would give the unemployed the option of transferring all the funds that finance their benefits - unemployment benefit, income support, and the associated rebates and provisions in kind - to provide wage subsidies to the companies which hire them. The size of the subsidy

would depend on the length of each worker's latest unemployment spell. Companies could qualify only if they increased their workforce or provided the newly hired workers with training at least equal in value to the subsidy. Thus, firms would have an incentive to expand employment, rather than replace employees with subsidised ones.

Since the BTP would be voluntary, unemployed workers would transfer their benefits only when the resulting wages would make them significantly better off. Firms would hire these workers only when this raised profitability. Since the total amount spent on the wage subsidies is equal to the amount that would have been spent on unemployment support, all this could be achieved at no extra cost to the government.

The programme would give the government an instrument for tackling head-on the problem of long-term unemployment. When people fall into the unemployment trap, their skills erode, they lose their motivation to find jobs, and

employers become wary of hiring them. The current unemployment benefit system provides little countervailing incentive for the long-term unemployed to find work. To give workers with different unemployment histories a level playing field, the BTP provides progressively larger incentives for companies to hire workers with longer unemployment spells. People who

Programme... an instrument for tackling head-on the problem of long-term unemployment

have been unemployed for two years or longer would be entitled to the maximum subsidy upon finding jobs. As their period of employment proceeds, their subsidy would gradually fall, reaching zero after two years of continuous employment. Those unemployed for a shorter period would receive a correspond-

ingly smaller subsidy over a shorter time span. Since the long-term unemployment rate has no significant effect on wage growth, reducing the number of long-term unemployed would not be inflationary.

The BTP is unlikely to affect real wages markedly: although a tightening of the labour market would improve employees' negotiating positions, the subsidies would improve companies' positions as well. The programme may, however, be expected to have a substantial impact on unemployment. The average unemployment benefit package amounts to about 40 per cent of the average UK wage, corresponding to a 40 per cent wage subsidy, on average, in the BTP. Assuming half the funds financing the current unemployment benefit package were used to finance the wage subsidies, the average subsidy would be 20 per cent.

Given that the subsidies would have no pronounced effect on the real wages received by workers, standard estimates of UK employment equations lead us to expect

that a 20 per cent reduction in the real wages paid by firms would increase employment by about 68 per cent, thereby reducing unemployment to about a half or even a quarter of its present level.

This would still leave half of the funds financing the current unemployment benefit package to cover a variety of possible slippages: subsidies claimed, say, by unemployed who would have found jobs anyway. Needless to say, the BTP would be no panacea. But it provides a mechanism for unemployed workers to find work voluntarily at the prevailing wages and for companies to reduce labour costs and increase profitability - all without stimulating inflation or raising government spending.

Dennis J Snower

The author is professor of economics, Birkbeck College, University of London, and programme director, Centre for Economic Policy Research.

Military efficiency

■ Britain's cabinet office efficiency unit should soon be showing military precision in its attack on Whitehall's cowboys. From March its new head is to be John Oughton, redeployed from the defence ministry to succeed Don Brereton who's being posted back to the social security department.

Even before the change the defence contingent was well entrenched in the cabinet office. Sir Peter Levene - the prime minister's efficiency adviser, no less - is a former chief of defence procurement. As Oughton was once his private secretary, he should have no trouble in keeping the new recruit in step.

Moreover Oughton will be rejoining another of his former commandants in Richard Mottram, now top mandarin in the office of public service and science, who also served in the defence ministry. One of his jobs there was to head the "options for change" exercise to reshape defence policy after the cold war, with Oughton under him in charge of naval aspects.

Finally, there's Sir James Blyth, the businessman who chairs the cabinet office's Citizen's Charter advisory panel. He was once head of defence sales at a time when, oddly enough, a promising young civil servant called John Oughton conducted an efficiency

scrutiny of the organisation. Besides making such good connections, Oughton has been responsible for the defence ministry's relations with its private-sector contractors. So he should be well armed to advance the market-testing programme in Whitehall, so dashingly launched by the departing Brereton.

TUC development

■ It is more than four years since European Community president Jacques Delors made his rousing speech at Britain's Trades Union Congress in support of a social Europe which so upset Mrs Thatcher. Hence, it is rather surprising to learn that the TUC has only just agreed to follow some of its more go-ahead members and open an office in Brussels as a focus for its Euro lobbying. There shouldn't be a lack of contenders to run the new outpost given that the TUC's domestic career opportunities look so dim currently.

Halifax's top gun

■ If the Halifax was going to recruit a new chief executive from within the ranks of the building society movement, then Mike Blackburn seems as good a choice as any. He has knocked the Leeds Permanent Building society into shape during his five years at the helm and he has proved far more rebellious than



the average building society boss when it comes to questioning Government policies.

However, the Halifax is a good three times bigger than the Leeds Permanent and it will be interesting to see whether its board allows Blackburn such freedom of speech, especially if it is wanting Government help to smooth its passage to the stock market at some stage.

Discuss

■ If seven members of BTR's 19-strong board have "executive responsibilities" does it mean that the other six are non-executive

directors? The question is raised by a curious press release from BTR yesterday which seemed to throw into some doubt BTR chairman Sir Owen Green's long held view that there was no such thing as a non-executive director of BTR. Sir Owen, who is due to bow out after this year's annual general meeting, was suitably elliptical on the subject and said that just because his other directors did not have executive responsibilities at BTR, it did not make them non-executives.

Gang bust

■ Who are the latest victims of the Japan's downturn? Its organised crime gangs, whose decline has of course been charted with not just typical precision, but apparent orderliness.

A survey of police stations around the country shows there are 39,000 gangs, many of them officially registered under the so-called "anti-gang" law introduced last year.

Taken together, they currently have 80,000 employees - 5,000 down on March 1992. What's more, about 132 of the employers have gone out of business.

In the meantime, 261 instructions have been issued forbidding gangs to undertake illegal activities such as extortion or preventing their members from quitting. Even so, as the newspaper

Lingua banker

■ Science Latine? While the answer is "probably not" these days, surviving students of the Roman tongue will be glad to know that Glasgow University has decided to retain the use of Latin in official ceremonies.

But to help those unblest by a classical education, one of the staff has produced the following glossary of certain key phrases:

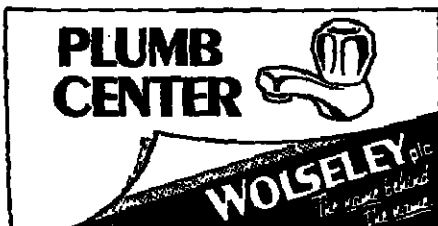
Quod erat demonstrandum - The students were protesting.

Ex gratia - Service-charge not included.

Cogito ergo sum - I think you've added it up wrongly.

Ad infinitum - Extra-long commercial.

Et in arcadia ego - I lunched in the shopping mall. The staff member responsible, by the way, is not from Glasgow's classics department. He is John Espiner, of Barclays Bank, working on secondment in the university's planning office.



FINANCIAL TIMES

Tuesday February 23 1993

SHEERFRAME
Specified Worldwide
L.B. Plastics Limited
Tel: 0773 852311

Clinton promises more pressure on Tokyo to open markets

Japan's trade surplus criticised

By George Graham
in Washington

US president Bill Clinton yesterday singled out Japan for criticism over its trade surplus, saying he would continue to press Tokyo to open its markets to foreign goods.

"It is the only nation with which we have a persistent and unchanging structural deficit," Mr Clinton told employees of Silicon Graphics in San Jose, California.

"What we have to do is to try to continue to help more companies to figure out how to do business there and keep pushing

them to open their markets," he said. "I don't want to close American markets to Japanese products."

Mr Clinton and his vice-president Al Gore were in California to drum up support for the president's economic plan, announced in the State of the Union address last week.

As part of this effort, the two launched a \$500m technology initiative which forms part of the short-term economic stimulus package in the economic plan.

Mr Gore said the administration's new technology policy would focus on continuing basic research and development, the

need for improved education and a better financial environment for high-risk businesses.

He also said the Clinton administration would press for "rapid completion of a nationwide network of information superhighways" as part of its plan to invest in infrastructure.

"Infrastructure is a \$5 word that used to describe roads, bridges, power lines and sewer lines, but if we are going to compete we are going to have to invest in a different kind of infrastructure," Mr Gore said.

Advocates of this kind of information network have been divided, however, on whether to

invest in a new system of fibre optic cables designed to carry much greater volumes of data, or to develop numeric data compression techniques to send the same volumes down existing networks of telephone wiring.

If the need for an economic stimulus has been questioned in the recovering eastern US, it is in no doubt in California, where the economy is still struggling. The administration is counting on strong support from the west coast as it tries to market the package of short-term spending increases and tax breaks combined with longer term tax increases and spending cuts.

UN plans war crimes court for Bosnia

By Michael Littlejohns, UN
Correspondent, in New York

THE United Nations security council decided yesterday to establish an international court to try those accused of war crimes since 1991 in former Yugoslavia.

It would be the first such court since the Nuremberg and Tokyo tribunals judged Nazi and Japanese war criminals at the end of the second world war.

In its resolution, the security council called for a report by Mr Boutros Boutros Ghali, the UN secretary general, "on all aspects of this matter, including specific

proposals and where appropriate options for the effective and expeditious implementation of the decision."

There was no mention of how to round up suspects. Nor is it anticipated that the prosecutors will seek the death sentence for those charged, as they did at Nuremberg and Tokyo.

No war crimes suspects have been officially indicted, although the US has prepared a list of alleged Balkan war criminals. It names Mr Radovan Karadzic, the leader of the Bosnian Serbians, who was given a restricted visa limiting his movements to the UN headquarters neighbourhood

while in New York recently for talks with Mr Cyrus Vance and Lord Owen, co-chairmen of the international conference on former Yugoslavia. They were among the first to recommend the creation of a special war crimes court.

Last October, the council established a commission to analyse Balkan war crimes data.

A French committee of jurists recommended in a report to the council earlier this month that a tribunal comprise 15 judges, along with a separate panel to name suspects and prosecute them.

In its resolution, the council

expressed "grave alarm" at widespread mass killings and "ethnic cleansing" in the former Yugoslavia. Among the data cited was a recent EC report of mass rapes and other atrocities against Muslim women in Bosnia Hercegovina.

Declaring the violations of humanitarian law to be a threat to international peace and security, the council "determined to put an end to such crimes and to take effective measures to bring to justice the persons who are responsible for them."

Britain rejects aid to refugees, Page 2



A papier-mâché caricature of Chancellor Helmut Kohl mixes test tubes of 'Ossies' and 'Wessies' to make a united Germany on a carnival float at the Rose Monday parade in Cologne yesterday.

US links aid for Peru to human rights record

By Stephen Fidler in New York
and Sally Bowen in Lima

THE CLINTON administration is delaying approval of a multinational financial support package for Peru because of its dissatisfaction with the human rights record of President Alberto Fujimori's government.

It is an early indication that the new US government intends to link its foreign aid policy explicitly with human rights and democracy in recipient countries. Officials at Washington's international financial institutions confirmed that recent comments by US officials indicated that this would be White House policy.

A State Department official said yesterday that US agreement on financial support had been delayed until the Fujimori government "complies with certain conditions relating to human rights."

Some of the conditions had already been met, although the spokesman declined to be specific about what the conditions were.

However, US officials sought to underline that the linkage is likely to be made less explicitly than it was under the previous Democratic administration of President Jimmy Carter.

Mr Jose Canessa, Peru's finance minister, was due to discuss the delay in Washington yesterday with Mr Bernard Aronson, assistant secretary for Latin American affairs in the State Department, and Mr Richard Feinberg, his counterpart on the National Security Council.

The financial support package from friendly governments led by the US and Japan was meant to help clear Peru's arrears with the International Monetary Fund and World Bank - thereby allowing them to resume lending - and to provide some finance to cover the country's balance of payments shortfall.

Since Mr Fujimori's suspension of the constitution last April, concern has been growing about his autocratic style of government. He had been forced by the Bush administration and the Organisation of American States to hold congressional and local elections last year to guarantee a resumption of aid flows.

Last week, a furor blew up in Peru about the leak of a tape recording of a supposedly confidential meeting between the International Red Cross and Mr Abimael Guzman, jailed leader of the Maoist Shining Path guerrilla group.

UN funding reforms proposed

By Michael Littlejohns
in New York

AN INTERNATIONAL panel of "wise men" has recommended reforms aimed at resolving the United Nations' endemic financial crisis, caused largely by member states' failure to pay contributions on time.

The panel, under former UN under-secretary general Sir Brian Urquhart, says the UN must be assured of funds in good time to meet the growing obligations placed on it by member states.

The report calls for a \$400m revolving fund financed by three annual assessments on member states, to assure reliable financing in the start-up phase of peacekeeping. Because the initial phase was usually the most costly and dangerous, financing

delays could be crippling, it said. To improve the existing process, the report also suggests that the UN consider creating a unified peacekeeping budget, financed by a single annual assessment, in addition to the revolving fund. This would make possible an infrastructure to manage operations and provide them with common services.

The report, being released in New York by the Ford Foundation, notes that while only some 15,000 UN peacekeepers were deployed two years ago there are nearly 55,000 today.

The panel also suggests measures to encourage member governments to pay assessments on time, to put in place adequate reserves for the regular budget and to give the secretary-general the means and authority to react

more swiftly in emergencies. Although existing rules call for payment of regular contributions to the UN budget in the first 30 days of the year, most governments only pay by the end of the year. The UN was still owed \$500m from prior years at the end of 1992.

A doubling of the UN's \$100m working capital fund is recommended. Last increased in 1982, it was depleted to offset arrears in member states' dues. The minimal size of the reserve was too small to protect against fluctuations in receipts and expenditure, the panel said.

Mr Paul Volcker, former chairman of the US Federal Reserve, and Mr Shijuro Ogata, retired deputy governor of the Japan Development Bank, served as co-chairmen of the panel.

Daf truck managers plan UK buy-out

Continued from Page 1

which must replace its present LT heavy van range later in the 1990s, is considered a potential partner, while General Motors Europe has also held talks with Renault about a possible collaborative venture.

In Eindhoven, Daf's Dutch receivers said they had received assurances from the UK receivers

that the new Dutch/Belgian Daf Trucks company could continue to count on essential parts and components being delivered from Leyland Daf's British plants.

The Dutch and Belgian governments have waived their rights to a voting majority in Daf Trucks NV despite their combined majority stake.

Mr Friso Meeter, one of Daf's two Dutch receivers, denied yes-

terday that the new Daf could be considered a "nationalised" company following the weekend deal whereby the Netherlands and Belgium agreed to provide a combined £1270m towards fresh equity of up to £1500m.

He disclosed that it was the "express wish" of the two governments that their combined control over the company be limited to a minority influence.

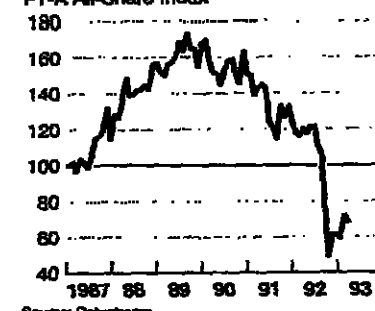
THE LEX COLUMN

Japan's hard choices

FT-SE Index: 2838.3 (-1.7)

Queens Moat Houses

Share price relative to the FT-SE All-Share Index



may have meant that the refiner was run even more at arm's length than usual with such ventures. The large volumes of low margin transactions which such refining and marketing operations handle as a matter of course may also have made it easier to hide the unauthorised deals.

Even so, the scale of the operation is breathtaking, and it is no tribute to Japanese accounting standards that the irregularities seem to have gone undetected for several years. Shell may now correct specific errors and take a firmer grip on its subsidiaries. Yet the episode only highlights the increasing dependence of large oil companies on sophisticated treasury operations. Even when the trading is authorised, it carries risks which few investors bother to contemplate. Fortunately in this case the company can afford the hit.

Gold shares

Gold bullion may still look a pretty dull investment but, curiously, shares in gold mining stocks have glittered in recent months. The FT Gold Mines Index has climbed by 48 per cent since the start of the year, largely reflecting a 28 per cent appreciation in the South African stock exchange's gold sector.

South African shares have been buoyed by overseas buying, particularly from the US and, latterly, Europe. Worries about South Africa's political instability have eased while ethical restrictions on investment have loosened. The South African gold sector was looking distinctly oversold and the yields of good quality stocks attractive. Even now, many stocks still yield in excess of 10 per cent,

compared with the 1-3 per cent available from comparable US companies.

Foreign investors also benefit from buying shares with restricted financial rands but receiving dividends in commonly-traded commercial rands. The discount between the two, which effectively acts as a barometer of foreigners' perceptions of investment risk, has recently narrowed to 30 per cent. But it still strongly accentuates investment returns.

Gold stocks may run ahead for a while yet as yields continue to entice investors. But for the rise to be sustained much longer will either require a rise in gold bullion prices or increased buying from South African institutions. The trouble is that several countries' central banks are running down their gold reserves. South African investors may also try to exploit the spike in gold shares by reducing overweight holdings.

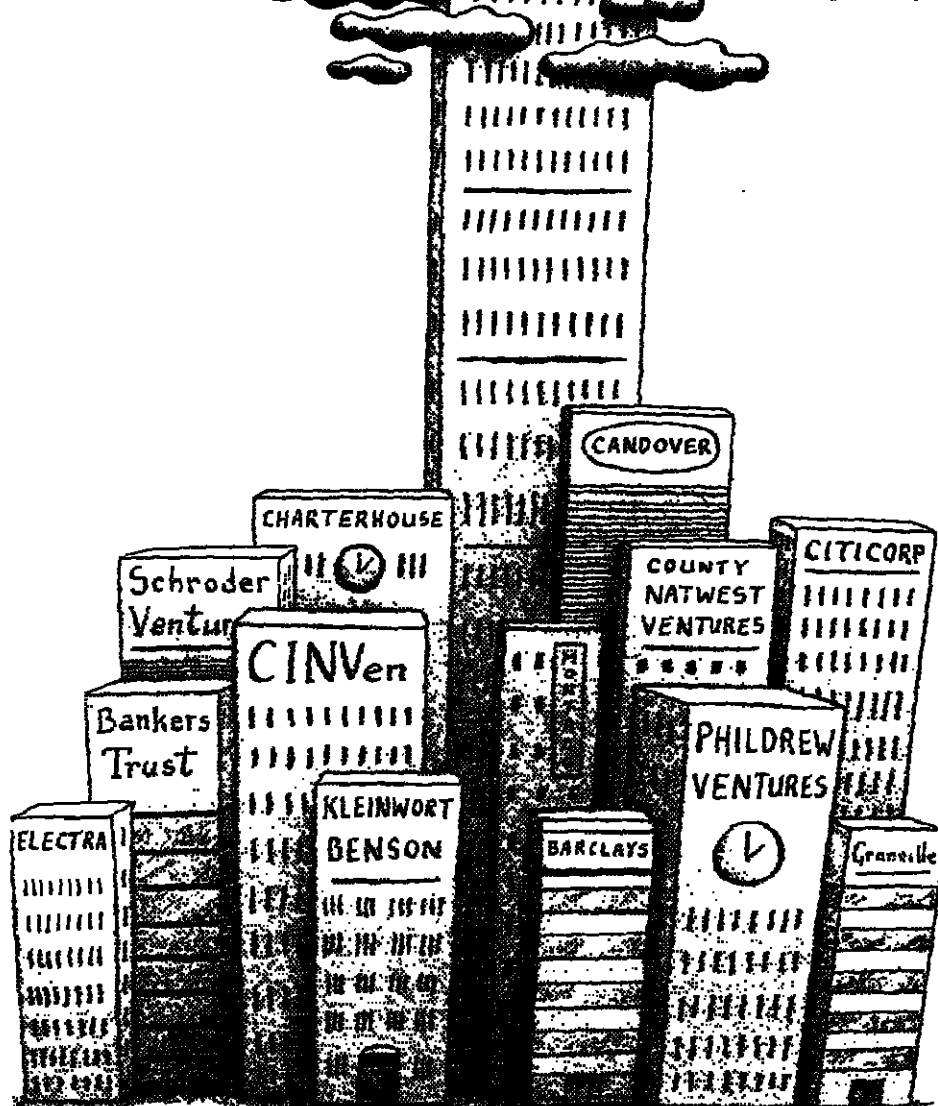
Queens Moat Houses

Queens Moat's agreement to convert another eight hotels into Holiday Inn franchises is a sensible, if modest, step in its quest to improve room usage rates with the barest possible capital outlay. By tapping into Holiday Inn's international reservations network, Queens Moat aims to increase its occupancy rates from 65 per cent to more than 70 per cent. Its experience of running 19 Holiday Inn hotels in mainland Europe shows this to be feasible. Queens Moat shareholders would doubtless be pleased if their company could extend the arrangement, as suggested in yesterday's announcement. Investors in Bass, though, may balk at too great an entanglement, given Queens Moat's stretched balance sheet. The market was certainly relieved that Bass did not buy an equity stake, as had been rumoured.

The far bigger challenge facing Queens Moat, however, is to drive down its borrowings, which may have escalated to close to £1bn by the year-end. The company cannot rely on trading income alone to make much of a dent in its debt. A rights issue seems impractical, given Queen Moat's profligacy with paper in the past. Asset disposals will remain tricky until the property market perks up.

An additional worry is Queens Moat's heavy exposure to mainland Europe. Although this helped protect the company during the UK downturn, it may act as a drag on the share price just as recovery starts in its domestic market.

ANYONE CONSIDERING A LARGE MBO SHOULD FIND US HARD TO OVERLOOK



Source: KPMG deal leadership table.

Over the last ten years, KPMG has led more than 50 management buyouts over £10 million. At the last count, our nearest competitor had led less than 30. This gives us a strong leadership position and an enormous wealth of experience. We have always said KPMG is a company with vision; we invite you to share the view from the top.

KPMG and its Group plc are registered in the conduct of investment business in SIB

World Weather															
		°C	°F		°C	°F		°C	°F		°C	°F			
Boulogne		5	41	Frankfurt	5	41	Majorca	F	10	50	Rome	S	18	64	
Brussels		4	39	Geneva	F	3	37	Malaga	C	18	61	Osaka	C	0	32
Buenos Aires	S	12	54	London	C	16	61	Manila	F	10	50	Paris	C	14	57
Calcutta		20	68	Los Angeles	F	23	73	Mexico City	F	10	50	Peking	C	0	32
Cairo		20	68	Hong Kong	S	20	68	Montreal	F	17	63	Riyadh	R	15	59
Cardiff		10	50	London	C	16	61	Manila	C	26	79	Shanghai	C	10	50
Chengdu		24	75	Hong Kong	S	20	68	Moscow	C	0	32	Singapore	S	28	82
Chicago		18	64	Los Angeles	F	23	73	Osaka	C	14	57	Taipei	C	10	50
Copenhagen		10	50	London	C	16	61	Manila	C	26	79	Tokyo	C	14	57
Dakar		28	82	Los Angeles	F	23	73	Montreal	F	17	63	Toronto	S	10	50
Dallas		10	50	London	C	16	61	Moscow	C	0	32	Turkey	C	10	50
Damascus		20	68	Los Angeles	F	23	73	Osaka	C	14	57	Valencia	C	10	50
Dar es Salaam		28	82	Los Angeles	F	23	73	Paris	C	14	57	Vancouver	C	10	50
Delhi		28	82	Los Angeles	F	23	73	Rome	S	18	64	Warsaw	C	10	50
Dhaka		28	82	Los Angeles	F	23	73	Salt Lake	C	0	32	Washington	C	10	50
Dublin		10	50	Los Angeles	F	23	73	Singapore	S	28	82	Zurich	C	10	50
Edinburgh		10	50	Los Angeles	F	23	73	Stockholm	C	10	50				
El Paso		10	50	Los Angeles	F	23	73	Taipei	C	10	50				
Frankfurt		5	41	Los Angeles	F	23	73	Tokyo	C	14	57				
Geneva		5	41	Los Angeles	F	23	73	Toronto	S	10	50				
Hong Kong		20	68	Los Angeles	F	23	73	Turkey	C	10	50				
Los Angeles		23	73	Los Angeles	F	23	73	Valencia	C	10	50				
London		16	61	Los Angeles	F	23	73	Vancouver	C	10	50				
Los Angeles		23	73	Los Angeles	F	23	73	Warsaw	C	10	50				
Madrid		10	50	Los Angeles	F	23	73	Washington	C	10	50				
Manila		26	79	Los Angeles	F	23	73	Zurich	C	10	50				
Mexico City		10	50	Los Angeles	F	23	73								
Moscow		0	32	Los Angeles	F	23	73								
Munich		10	50	Los Angeles	F	23	73								
Nairobi		20	68	Los Angeles	F	23	73								
Osaka		14	57	Los Angeles	F	23	73								
Seoul		10	50	Los Angeles	F	23	73								
Singapore		28	82	Los Angeles	F	23	73								
Sydney		10	50	Los Angeles	F	23	73								
Taipei		10	50	Los Angeles	F	23	73								
Tokyo		14	57	Los Angeles	F	23	73								
Toronto		10	50	Los Angeles	F	23	73								
Ulaanbaatar		-10	14	Los Angeles	F	23	73								
Valencia		10	50	Los Angeles	F	23	73								
Vancouver		10	50	Los Angeles	F	23	73								
Warsaw		10	50	Los Angeles	F	23	73								
Washington		10	50	Los Angeles	F	23	73								
Zurich		10	50	Los Angeles	F	23	73								

INTERNATIONAL COMPANY NEWS

Sun Alliance unit bids for Hafnia

By Hilary Barnes in Copenhagen and Richard Lapper in London

CODAN, the Danish insurance group controlled by the UK's Sun Alliance, has made a bid for Hafnia Insurance and Hafnia Bank. However, it is not interested in acquiring the Hafnia group's strategic shareholdings in its Danish competitor, Baltica, and Sweden's Skandia.

A second Danish insurance group, Alm. Brand, also said that it had made a bid for Hafnia's insurance and banking

operations. Hafnia suspended payments to its creditors last August after sustaining heavy investment losses on its holdings in Baltica and Skandia.

Hafnia holds 33.8 per cent of the shares in Baltica and 13.8 per cent in Skandia.

Potential bidders had until last Friday to submit bids for Hafnia. Mr Klaus Moe of Hafnia yesterday confirmed that "we have received a number of offers", including that made by Codan and Alm. Brand. Hafnia would not specify who the other bidders were. Credit

Lyonnais, the French bank, Skandia of Sweden, Tryg Forsikring of Denmark and Germany's Allianz, have been linked with Hafnia in the past.

In a possible complication, Codan said it had submitted its bid to Den Danske Bank, Denmark's biggest bank and Hafnia's biggest creditor, rather than to Morgan Stanley, the US securities house which is handling the sale of Hafnia assets.

Codan said its bid would not be submitted to Hafnia Holding "for as long as that company continues to negotiate the sale

of Hafnia Holding 1992 (the company which holds both insurance and banking subsidiaries)".

Codan also said it was making its bid conditional on Hafnia negotiating with a "single party... after examining the bids received", a procedure originally proposed by Hafnia in November 1992.

Sun Alliance would not comment on reports that it might be prepared to reduce its stake from 71.5 per cent to 51 per cent if Codan opted to fund its bid for Hafnia through a share offer.

UAP share sale fuels Adidas controversy

By Alice Rawthorn in Paris

UNION des Assurances de Paris, the largest French insurance group, has fuelled the political controversy over last week's sale of Adidas by announcing that it plans to sell its shares in the German sporting goods group.

UAP last week joined forces with two other French state-controlled financial groups in a consortium that bought the controlling stake in Adidas for DM615m (\$370.4m) from Mr Bernard Tapie, the controversial businessman recently reappointed to the French cabinet as minister of towns. The involvement of three state companies in the deal has already provoked a political storm in France.

Mr Jean Peyrelevade, chairman of UAP, told yesterday's edition of Les Echos, the French financial newspaper, that he had instructed Banque Worms, the UAP subsidiary responsible for the transaction, to withdraw from Adidas "in the near future, as soon as the financial climate is right".

Banque Worms, which originally had a 2 per cent holding in BTF, the German holding company that controls Adidas, raised its stake to 5 per cent under the terms of last week's deal.

Mr Peyrelevade's statement comes only a few days after the French government issued an official denial through the finance ministry that it had exerted any influence over the companies involved with the Adidas transaction. President François Mitterrand on Friday claimed on French television that all three groups had decided to buy shares from Mr Tapie on an independent basis.

Adidas has just emerged from a turbulent period since Mr Tapie took over in summer 1990 when its financial performance deteriorated and its workforce has been racked by protests against rationalisation plans. It saw net profits fall from DM53m in 1990 to DM15m on static sales of DM3.35bn in 1991 and is believed to have gone into the red last year.

Western Mining acquires Outokumpu nickel stake

By Kevin Brown in Sydney

WESTERN MINING Corp (WMC), the Australian resources group, has agreed to buy a 50 per cent share in the Mount Keith nickel deposit in Western Australia from Outokumpu, the Finnish metals group.

The deal will give WMC 100 per cent ownership of Mount Keith, which is expected to start producing about 28,000 tonnes a year of nickel concentrate in early 1995. However, the group will have to fund development costs estimated at A\$450m (US\$306m).

WMC said it had signed a supply agreement giving Outokumpu the right to buy 50 per cent of Mount Keith production for 10 years.

Analysts said the deal suggested that WMC would not exercise its right to purchase a 49 per cent share in the Olym-

pic Dam copper/gold/silver/uranium mine in South Australia from BP, its joint venture partner. BP said in November that it would sell the stake for US\$450m to Minorco, the overseas investment arm of the Anglo American Corporation-De Beers group of South Africa, unless WMC exercised its right to buy the stake at the same price. Acquisition of the BP shares would make WMC solely responsible for funding proposed expansion costing around A\$1bn at Olympic Dam.

The group is also committed to investing A\$105m at its Kambalda nickel operations in Western Australia provided the state government moves to allow continuous mining.

WMC acquired its half-share in Mount Keith in 1991 following a bitterly-contested joint takeover with the Normandy Posen group of Australian Consolidated Minerals (AMC).

AMC's defence against the bid centred on an attempt to tie up control of Mount Keith by selling a half-share to Outokumpu. However, the manoeuvre backfired when Outokumpu agreed to develop the mine jointly with WMC.

The latest deal with Outokumpu will give WMC access to about 14,000 tonnes of nickel concentrate a year from Mount Keith to feed its smelter operations at Kambalda. The group produced about 50,000 tonnes of nickel last year.

Outokumpu said the supply agreement was in line with plans to expand and modernise its Harjavalta smelter, which will process the concentrate from Mount Keith. The group said its involvement in a number of "promising" nickel exploration projects would ensure raw material for an expanded smelter "far into the future".

Wessanen and Bols post earnings gains, lift payouts

By Ronald van de Krol in Amsterdam

WESSANEN, the Dutch foods company, and Bols, the liqueurs and beverages group, posted gains of more than 10 per cent in 1992 profits, in line with forecasts made in January just before they announced plans for a merger.

Wessanen's net profit before extraordinary items rose by 12.7 per cent to F123.9m (887m).

Turnover fell to F13.7bn from F13.9bn, reflecting the sale of the grain products division in mid-1992 in a deal that generated F145m in net extraordinary income. Wessanen said all of its divisions in Europe and the US contributed to the higher 1992 result.

Bols' net profit rose by 10.1 per cent to F116m from F105.4m a year earlier. Turnover fell to F1.26bn from F1.33bn as a result of more difficult market conditions and unfavourable currency movements. However, improved cost controls helped lift operating profit by 3.9 per cent to F149.9m.

Both companies increased their 1992 dividends. Wessanen's payout rising by 5.9 per cent to F1.24 a share and Bols' by 11.8 per cent to F1.52.

The two companies will publish their merger prospectus on March 8 and hold extraordinary shareholders meetings on March 25.

Bikuben halves its dividend as net loss grows to DKr1.2bn

By Hilary Barnes in Copenhagen

BIKUBEN, Denmark's third-largest bank, halved the dividend to DKr6 per share after reporting a net loss last year of DKr1.2bn (\$191.7m) compared with a loss in 1991 of DKr49m.

Mr Borge Munk Ebbesen, chief executive, said the result "is obviously unsatisfactory and is a reflection of the general economic crisis".

He made no forecast for 1993, but said a positive vote in the country's second referendum

on the Maastricht treaty on May 18 and lower domestic and international interest rates would be crucial to improving the bank's performance.

Loss provisions last year increased to DKr1.75bn from DKr1.48bn. Last year's provisions included DKr300m against loans to Hafnia, the troubled insurance group.

The value adjustment for securities gave a loss of DKr293m compared with a profit of DKr366m in 1991. The bank's balance sheet was strengthened by new subordi-

nated loan capital - tier 2 capital - last year and despite the large net loss the capital adequacy ratio improved slightly from DKr11.45 per cent to 11.90 per cent. The legal minimum ratio last year was 10 per cent.

● Kreditforening Danmark, one of the two biggest bond-issuing mortgage institutions, reported a DKr1.3bn loss last year against a profit of DKr266m in 1991. Bad loss provisions increased to DKr2.4bn from DKr1.5bn and the value adjustment for securities gave a loss of DKr214m in 1991.

Promodès to buy Discol food wholesale chain

By Alice Rawthorn

PROMODES, one of France's largest hypermarket groups, is expanding its wholesale interests by buying the Discol chain of food wholesalers from the Pinault-Printemps retail group.

The acquisition, believed to be worth between FFr150m (\$26.7m) and FFr200m, will turn Promodès into the largest food wholesaler in France, ahead of Metro, the German company.

Promodès, based in Normandy, is already a leading wholesaler with its Prodirect subsidiary, which made overall sales of FFr1.5bn last year. Discol, which also provides food to restaurants and caterers, mus-

tered turnover of FFr2.5bn in 1992.

The hypermarket sector is one of the most dynamic areas of French retailing, under strain because of the slowdown in consumer spending. But ambitious groups, notably Promodès and Carrefour, have expanded by acquisition recently, increasing pressure on other retailers.

For Pinault, the sale of Discol forms part of an ongoing programme. The group is trying to reduce the FFr19bn of net debt it incurred after the acquisition of the Au Printemps department store group in late 1991 which turned it into one of France's most powerful retail concerns.

Building society names its new chief executive

By John Gapper, Banking Correspondent

HALIFAX Building Society has completed an eight-month search for a new chief executive by appointing Mr Mike Blackburn, chief executive of the Leeds Permanent Building Society, to take over in August.

Mr Blackburn, chief executive of the Leeds for the past five years, has attracted controversy by criticising aspects of government policy. He will take over at the Halifax when Mr Jim Birrell, the current chief executive, retires at 60.

Halifax, the largest UK society, appointed a firm of headhunters to aid its search for a new chief executive.

Diners Club card unit in talks

DINERS CLUB Deutschland, the German credit card business of Citicorp of the US, said it was continuing talks with banks about a possible partnership. AP-11 reports from Frankfurt.

The company said the main goal was marketing and distribution through a bank's branch network.

Citicorp did not indicate how many banks it had spoken to in recent months and the number with whom it was still in discussions. Diners Club did not comment on talks with Deutsche Bank.

● Kansallis-Osake-Pankki, the Finnish bank, said it would propose bonus and rights issues and a cut in the nominal value of the KOP share to Fm10 (\$1.7) from Fm20 (\$3.4) as part of a programme to safeguard its capital adequacy. Reuter reports from Helsinki.

● THE Swedish government and the country's main co-operative association said they were ready to sell a 76 per cent stake in Nordic oil group OK Petroleum. Reuter reports from Stockholm.

A foreign oil company with-out major Swedish market activity was the most likely buyer, the head of the association said.

● KF has agreed with the industry ministry to a joint sale of the partners' shareholding in OK, the co-operative group KF, which owns 52 per cent of OK, said "OK has a

large [Swedish] market share and a private [oil] corporation is the most likely buyer," Mr Roland Svensson, the KF managing director said.

● Brau und Brunnen, the German brewing company, said it planned to hold its dividend on 1992 results at an unchanged DM5 per share.

Total turnover of the holding company, which includes drinks and property units, rose 6 per cent to DM1.7bn (\$1bn) last year and its results were positive, it said. Brau und Brunnen invested over DM350m in 1992, and total drink sales rose 4 per cent to 13m hectolitres. The group's breweries sold 4

per cent less despite a 2 per cent rise in the beer market, but alcohol-free sales grew 14 per cent, more than twice the market average.

● BASF's pharmaceuticals unit, Knoll, said it planned a reduction in domestic production, blaming a drop in drug sales due to Bonn government health reforms. Reuter reports from Frankfurt.

Knoll said talks were being held about introducing short-term work at its Nordmark Arzneimittel unit in north Germany. Talks were also taking place about the scope and nature of output cuts at the Knoll parent in Ludwigshafen, but the company hoped to avoid short-term working there.

● GEC Alsthom, the Franco-British engineer, said that it and AEG signed a memorandum of understanding to form a joint venture, LKR Kanis-Service. The new group will manage the electrical machine repair and maintenance business of AEG Kanis. GEC Alsthom will acquire the AEG Kanis factory in Essen.

FIDELITY AMERICAN ASSETS N.V.

Registered Office: Schottegatweg-Oost 130
Curacao, Netherlands Antilles

NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Please take notice that the Annual General Assembly of Shareholders of Fidelity American Assets N.V. (the "Corporation") will take place at 2:00 p.m. at Schottegatweg-Oost 130, Curacao, Netherlands Antilles, on March 16, 1993. The following matters are on the agenda for this assembly:

1. Report of the Management.
2. Election of the Managing Directors

The Chairman of the Management proposes the re-election of all present Managing Directors: Edward C. Johnson 3d, Barry R. J. Batzeman, Charles T. M. Collins, Charles Fraser, Jean Hamilton, H. F. van den Hoven and AMACO Holdings & Trust Company N.V.

3. Approval of the balance sheet and profit and loss statement for the fiscal year ended November 30, 1992.

4. Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders, including declaration of an interim dividend in respect of the fiscal year ended November 30, 1992, and authorisation of the Managing Directors to declare additional dividends in respect of fiscal 1992 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.

5. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.

6. Consideration of such other business as may properly come before the Assembly.

Approval of each item of the Agenda will require the affirmative vote of a majority of the votes cast at the Assembly.

Holders of registered shares may vote by proxy by mailing a form of registered shareholder proxy which will be sent to them by the Fund's Registrar and Transfer Agent, Fidelity Investments Luxembourg S.A. Registered shareholders may also obtain a form of registered shareholder proxy from the institutions listed below.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares to the Corporation at the following address:

Fidelity American Assets N.V.
c/o AMACO Holdings & Trust Company N.V.
Post Office Box 2141
Curacao
NETHERLANDS ANTILLES

Bearer shareholders may obtain a form of bearer shareholder proxy and certificate of deposit from the following institutions:

Fidelity Investments Luxembourg S.A.
Kaiserhofstrasse, 3rd Floor
Place de l'Etoile
Boite postale 2174
L-1021 Luxembourg

Fidelity Investments International
Oakhill House
130 Tottenham Road
Hilbertsbrough
Kent TN11 8JZ,
ENGLAND

Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit thereof, with the corporation at Schottegatweg-Oost, 130, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 1:00 p.m. on 16th March, 1993, in order to be voted at the Assembly.

By order of the Management
Charles T.M. Collins
Secretary

February 16, 1993

Fidelity Investments

U.S. \$150,000,000

Chemical New York Corporation

Floating Rate Subordinated Notes Due 1996

Interest Accrual Period 27th November 1992
25th February 1993 (inclusive)
Interest Amount per U.S. \$10,000 Note due 8th March 1993 U.S. \$132.68

Credit Suisse First Boston Limited Agent

SINGAPORE

The FT proposes to publish this survey on March 29 1993
For further information telephone Samantha Teller 071-873 3050
Fax: 071-873 3595
or Sarah Pakenham-Walsh (Hong Kong office) (852) 580 2863
Fax: (852) 537 1211

FT SURVEYS



European Investment Bank

Italian Lire 200,000,000,000
Floating Rate Notes Due February 1997
Notice is hereby given that the notes will carry an interest rate of 11.05 per annum for the period 22.2.93 to 23.8.93
It is 27.2.93 to 23.8.93
IL 2,793,144 per IL 5,000,000 nominal
IL 2,793,144 per IL 5,000,000 nominal
Nelson International Bank PLC London
Reference Agent Bank

First Union Corporation

U.S. \$150,000,000 Floating Rate Notes due 1996

The rate of interest per annum on First Union Corporation's U.S. \$150,000,000 Floating Rate Notes due 1996 for the period commencing 22nd February 1993 and ending 24th May 1993, the next interest payment date, will be 3.75%. The amount of interest payable for such interest period on each \$10,000 principal amount of the Notes will be \$35.31.

Bankers Trust Company, London Agent Bank

UK RELOCATION

The FT proposes to publish this survey on April 27 1993

The FT reaches more business-people with property responsibility in the UK than any other newspaper and more senior European decision-makers on business premises/leases reading "English-language newspapers". For a full editorial synopsis and details of available advertisement positions, please contact:

Brian Heron
Tel: 061-834 9381
Fax: 061-832 9248
Alexandra Buildings,
Queen Street,
Manchester M2 5LF

Full source: European Business Relocation Survey 1993

FT SURVEYS

Baer Holding Ltd.

Achievements in an eventful year

Consolidated Key Figures

	1991	1992	Change
Net profit	Sfr m 59	69	+15
Cash flow	Sfr m 101	118	+17
Return on equity	% 9.6	10.4	
Total assets	Sfr bn 5.7	6.2	+9
Equity	Sfr m 629	674	+7
Staff	1,422	1,387	-2

Clients' assets Sfr bn 29.8 33.0 +11
Mutual Funds Sfr bn 2.0 3.1 +51

The Julius Baer Group offers services in investment advice and asset management - for both private and institutional clients worldwide - as well as in brokerage and foreign exchange trading. The flagship of the Group is Bank Julius Baer, founded in 1890.

JB CoB

BAER HOLDING LTD.

Bahnhofstrasse 3a, P.O. Box 8010 Zurich,
Tel: (41) 221 20 35, Fax: (41) 221 20 26

Zurich Geneva Frankfurt London New York

U.S. \$150,000,000

First Bank System, Inc.

Floating Rate Subordinated Capital Notes Due 1996

Interest Rate 5 1/4% per annum
Interest Period 22nd February 1993
24th May 1993
Interest Amount per U.S. \$50,000 Note due 24th May 1993 U.S. \$663.54

Credit Suisse First Boston Limited Agent

INTERNATIONAL COMPANIES AND FINANCE

Ameritech unveils restructuring

By Martin Dickson
in New York

AMERITECH, the Chicago-based "Baby Bell" telephone company, yesterday announced a sweeping internal reorganisation and unveiled a radical plan for introducing competition into the US local telecommunications market.

Its initiative is an important contribution to the growing US debate over the future of the nation's local telecommunications industry in general, and the seven regional "Baby Bell" companies in particular.

The local telecommunications market remains monopolistic, divided up between the "Baby Bells" and independent service companies, such as

GTE. However, these monopolies are coming under increasing threat, due to regulatory and technological change, and the regional companies have been looking for new strategies to respond to the competition posed by wholesale telecommunications companies, cellular companies and cable television businesses with telephone ambitions.

Ameritech's plan for local competition is believed to be the first such proposal by a "Baby Bell" company, although New York's independent Rochester Telephone also unveiled a ground-breaking scheme this month.

The move by Ameritech, which provides telecommunications services to 12m custom-

ers in the mid-west, has two distinct parts. First, it intends to create 12 new market-focused business units, each bearing the holding company's name, rather than organising itself around Bell operating companies in each of the states where it operates.

Eleven of the units will be organised around a specific type of service to the customer - for example, small business services or pay phone services. The 12th will run the telecommunications network.

Mr William Weiss, Ameritech's chairman, said it was "dramatically simplifying" the way customers dealt with the company by putting its marketing initiatives and services under a single brand name. He

also stressed the restructuring was not a "reshaping process" - a euphemism for job cuts.

The second part of the initiative is far more dramatic in scope, but less likely to materialise in the near-term, because it involves wholesale changes to the US telecommunications industry framework, involving a multiplicity of federal and local regulatory agencies.

Ameritech says it will file next month with the Federal Communications Commission, the government agency which regulates the communications industry, a plan to open up its local telephone network to competition by separating its transport services from switching services, which direct telephone calls.

Russian Orthodox Church to start bank

By Kerin Hope in Athens

THE ORTHODOX Church of Russia is setting up a bank in Moscow, with backing from Greek and Cypriot investors.

The bank, to be called Orthodox Bank, will be managed by Egnatia Bank, a private Greek concern, under an agreement with the Church's education and training department. It is due to start operating this autumn.

The bank's start-up capital will amount to \$10m, to be covered by Greek businessmen based in Greece, the US and Cyprus, rising to \$30m within five years.

The church will not contribute to the bank's equity but will provide premises for its offices in Moscow and later in other Russian cities. The Orthodox Church is gradually regaining control of assets which were confiscated under communism.

Mr Andreas Boumis, chairman of Egnatia Bank, said the new bank would initially offer wholesale services, catering for the increasing number of Greek companies setting up joint ventures in Russia.

"But we would want to get into retail banking in the not too distant future once the currency situation becomes more stable," he added.

Egnatia Bank, established two years ago by a group of northern Greek businessmen, has undertaken to set up a computer system for the new bank and to train its staff.

Citicorp move

PRINCE Alwaleed Bin Talal, the largest individual shareholder in Citicorp, has said he might sell up to 12.8m shares in the bank over the next three months, agencies report.

The plan, filed with the US Securities and Exchange Commission on Friday, comes two years after the Saudi Arabian businessman made a \$590m infusion into Citicorp, the largest US commercial bank.

Sears, Roebuck looks for \$800m from offer of its finance arm

By Laurie Morse in Chicago

SEARS, Roebuck, the US stores group, expects to raise about \$800m from the initial public offering of Dean Witter, Discover, its financial services operations.

The offering of Sears' brokerage and credit card units is the first of a series of spin-offs for the Chicago-based group.

Dean Witter, Discover planned to sell 29.5m shares, or about 20 per cent of its stock, yesterday, with about 15 per cent of the shares reserved for employees.

The remainder of the company will be spun off to Sears' shareholders by the end of this

year. Sears will receive a \$800m special dividend from Dean Witter, Discover when the spin-off is completed.

The anticipated price of the offering has risen substantially since the preliminary prospectus was released in December, when the company predicted a price of \$20 to \$22 per share.

Yesterday, Dean Witter officials said they expected the price to be \$25 to \$27 per share, and that the offering appeared to be oversubscribed.

The Dean Witter, Discover sale is part of Sears' strategy to return to its core business of retailing. Sears also plans to sell portions of its Allstate

insurance and Coldwell Banker property business. Sears was the most attractive of Sears' planned offerings, with solid earnings and steady cash-flow from its large mutual fund and managed money operations.

Dean Witter, Discover had 1992 earnings of \$439.1m, including a one-time gain of \$32.1m, up from \$344.6m in 1991.

Profits were distributed nearly evenly between credit card and securities broking operations. Despite the Dean Witter profits, Sears Roebuck lost a record \$3.9bn in 1992.

Banks buy into minerals group

By Bernard Simon in Toronto

TWO French banks, Credit Lyonnais and Société Générale, have invested C\$13m (US\$10.4m) in Dia-Met Minerals, a British Columbia company which is at the centre of a stampede for diamonds in Canada's Northwest Territories.

The banks have bought 350,000 Dia-Met shares, equal to 3.5 per cent of the total outstanding, in a private placement priced at C\$39 a share.

The deal was put together by

First Marathon Securities of Toronto. Dia-Met's share price has soared in the past year from less than C\$5 to a peak of C\$60 in the wake of its discovery of diamonds in the Lac de Gras area, 550km north-east of Yellowknife.

The company said last May that a sample of 160 tonnes of ore had yielded at least 90 carats of diamonds, of which about a quarter appeared to be of gem quality. BHP, the Australian mining group, has rights to a majority interest in the Dia-Met property. De Beers

and Kennecott, the North American subsidiary of Britain's RTZ, are among numerous other companies which have joined the diamond stampede, in which a total of about 23m acres has been staked.

Mr John Lydall, First Marathon's mining analyst, said in a report that exploration was still at an early stage and "a huge amount" of work remained to be done. He said "this entire exploration play remains an opportunity for prudent speculation".

Strong drugs sales give Chugai 38% advance

By Charles Leadbeater in Tokyo

CHUGAI Pharmaceuticals, the leading Japanese pharmaceuticals manufacturer specialising in anti-cancer drugs, yesterday reported a 38.5 per cent increase in consolidated pre-tax profits to ¥14.65bn (\$122m) in the year to the end of December.

The sharp rise in profits was produced by a mixture of cost-cutting and strong sales of prescription drugs.

Chugai's sales rose by 7.5 per cent to ¥143.21bn, buoyed by strong sales of prescription drugs.

Net profits rose by 27 per cent to ¥5.25bn despite extraordinary losses from investment in an overseas subsidiary. The company has also dissolved a joint venture with Upjohn, the US pharmaceuticals group.

The dividend is being maintained at ¥7.5, and earnings per share rose from ¥18.76 for the previous year to ¥21.29, slightly below expectations.

Goodyear to buy shares of Canada unit

GOODYEAR Tire & Rubber, the US manufacturer, is to buy the common shares of Goodyear Canada it does not already own for C\$65 (US\$52) per share, Reuter reports from Toronto.

Goodyear Canada said there were about 288,000 common shares in the public float and the total purchase price would be about C\$18.72m. On completion of the deal, Goodyear Canada will become a wholly-owned unit of Goodyear Tire.

If approved, the deal will let shareholders realise a 38 per cent premium over the last sale price on the Toronto Stock Exchange of C\$47 per share.

A special committee of independent Goodyear Canada directors will consider the proposal and report to the board. The transaction is subject to the approval of the committee, as well as shareholders of Goodyear Canada, including those other than Goodyear Tire, at a meeting due to be held in May. The deal is also subject to regulatory approval.

Mr Terry Brennan, Coca-Cola Beverages vice-president and chief financial officer, said he expected the company to post a loss in the fourth quarter which was likely to exceed forecasts of around C\$0.25 per share. Reuter reports from Toronto.

Coca-Cola Beverages, Canada's largest bottler of soft drink products, is due to report earnings tomorrow.

Turkey to sell cement companies

By John Murray Brown in Ankara

TURKEY hopes to raise \$218m by selling five state-owned cement companies in the latest stage of an ambitious plan to sell TL25,000bn (\$2.7bn) of state shares in 1993.

For the second time, the Public Participation Administration, the state agency handling privatisation, yesterday issued an offer for the block sale of the Adiyaman, Asale, Bartin, Lelik and Sanliurfa factories, setting a minimum price above which negotiations will start. Bids have to be submitted by March 28.

Cement has proved to be the most attractive investment sector for foreign investment in Turkey. The market, with sales of around 26,000 tonnes in 1991, equals those of France and

Spain, and is growing by some 5 per cent a year.

Ciments Français, now owned 85 per cent owned by Italcementi, already has seven plants, having invested around \$350m. Lafarge Coppee and Vicat of France have also bought Turkish factories.

Industry officials expect further foreign interest in the latest offer. Lafarge, the world's largest concrete and aggregates producer, is expected to make a bid for Asale, which the PPA has valued at \$30m.

Holderbank of Switzerland is also understood to be interested in acquiring Turkish operations.

In November, the PPA raised \$281m through the sale of six cement companies but, despite foreign interest, all were sold to local concerns.

The PPA yesterday announced plans to sell by public offering its outstanding 20 per cent stake in Netas the local subsidiary of Northern Telecom of Canada.

The timing was probably influenced by the sharp upturn in the Istanbul stock market, with the index reaching an all-time high on Thursday, following government moves to bring down bank interest rates.

Earlier this month, the PPA concluded the block sale of 20 per cent to Northern Telecom, raising \$215m and making the Canadian company Netas's majority partner.

The PPA also raised \$115m this month by selling two state-owned power utilities to the local Usan group. Usan's Rumeli Holding also bought two state cement factories.

NEW ISSUE

All of these securities having been sold, this announcement appears as a matter of record only.

February 10, 1993

\$2,015,000,000



CHRYSLER CORPORATION

52,000,000 Shares
Common StockGlobal Coordinator of the Offerings
CS First Boston GroupInternational Offering
10,140,000 Shares

Credit Suisse First Boston Limited

Merrill Lynch International Limited

Morgan Stanley International

Salomon Brothers International Limited

Swiss Bank Corporation

S.G. Warburg Securities

ABN AMRO Bank N.V.

Credit Lyonnais Securities

Daiwa Europe Limited

Dresdner Bank

UBS Phillips & Drew Securities Limited

Barclays de Zoete Wedd Limited

Cazenove & Co.

Commerzbank Aktiengesellschaft

Kleinwort Benson Limited

NatWest Securities Limited

Nikko Europe plc

Paribas Capital Markets

Société Générale

United States Offering
41,860,000 Shares

The First Boston Corporation

Merrill Lynch & Co.

Morgan Stanley & Co.

Lehman Brothers

Salomon Brothers Inc.

J.P. Morgan Securities Inc.

PaineWebber Incorporated

Smith Barney, Harris Upham & Co.

S.G. Warburg Securities Bear, Stearns & Co. Inc. Sanford C. Bernstein & Co., Inc.

Alex. Brown & Sons BT Securities Corporation Credit Lyonnais Securities (USA) Inc.

Daiwa Securities America Inc. Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette

A. G. Edwards & Sons, Inc. Furman Selz Goldman, Sachs & Co.

Invemed Associates, Inc. Kidder, Peabody & Co. Lazard Frères & Co.

Montgomery Securities Oppenheimer & Co., Inc. Prudential Securities Incorporated

RBC Dominion Securities Corporation ScotiaMcLeod (USA) Inc. Société Générale

SBCI Swiss Bank Corporation UBS Securities Inc. Wertheim Schroder & Co.

Dean Witter Reynolds Inc. Wood Gundy Corp. Allen & Company

New Issue

These securities having been offered, this announcement appears as a matter of record only.

February 23, 1993

Caisse Centrale
de Crédit Immobilier (CCCI)
Paris, France

DM 100 000 000

7 1/4 % Bearer Bonds of 1993/2000

Interest date: February 23
Repayment: February 23, 2000
Listing: Frankfurt (Main)

BHF-BANK

Banca del Gottardo

Banque Paribas
(Deutschland) OHGBayerische Vereinsbank
AktiengesellschaftCrédit Lyonnais SA & Co
(Deutschland) OHGDaiwa Bank
(Deutschland) GmbHDaiwa Europe
(Deutschland) GmbHDeutsche Apotheker-
und Ärztebank eGDeutsche Bank
AktiengesellschaftDeutsche Girozentrale
- Deutsche Kommunalbank -DSL Bank
Deutsche Siedlungs-
und LandesrentenbankIndustriebank von Japan
(Deutschland)
AktiengesellschaftNOMURA BANK
(Deutschland) GmbHSociété Générale -
Elsässische Bank & Co.Trinkaus & Burkhart
Kommanditgesellschaft auf AktienVereins- und Westbank
Aktiengesellschaft

U.S. \$250,000,000

BANK OF BOSTON
CORPORATIONSubordinated
Floating Rate Notes Due 2001
Issued 10th February 1993Interest Rate 5% per annum
Interest Period 22nd February 1993
24th May 1993Interest Amount per
U.S. \$50,000 Note due
24th May 1993 U.S. \$631.94Credit Suisse First Boston Limited
Agent

To the Holders of

SHEARSON LEHMAN CMO, INC.

Series F, Class F-1 Floating Rate Bonds
Due February 20, 2018

Pursuant to the Indenture dated as of February 1, 1985 between Shearson Lehman CMO, Inc. as Issuer and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period February 20, 1993 through May 19, 1993 as determined in accordance with the applicable provisions of the Indenture, is 3.8125% per annum. Amount of interest payable is \$42,066,639.69 per \$10,000 principal amount.

SHEARSON LEHMAN CMO, INC.

Compliance is expensive for Japanese banks

■ THE Italian bond market

■ **INVESTORS** in Spanish and Italian bonds were seen switching into Dutch, French and Danish paper, as well as bunds, partly based on expectations of interest rate

By Antonia Sharpe

This area of the yield curve is viewed as relatively attractive to issuers, but a syndicate manager close to the transac-

The indicated pricing of the bonds was viewed as attractive when compared with the recent dollar offering from the Kingdom of Denmark which was yielding 22 basis points over comparable US Treasuries.

UK gilt prices ended virtually unchanged in lacklustre trading yesterday. Slightly stronger than expected GDP data failed to impress traders, who were rather disappointed that last week's gilts tap totalling £1.2bn was still not fully sold.

The long-bond yield remains at its lowest levels since the issue was first sold to the public in 1997. By midday, the benchmark 30-year government bond was up $\frac{1}{8}$ at 101 $\frac{1}{8}$, yielding 6.992 per cent. At the short end of the market, the two-year note was off $\frac{1}{8}$ to yield 3.978 per cent.

Participants remain enthusiastic about the president's willingness to tackle the vast federal deficit

An official at the lead manager, ScotiaMcLeod, said that the yield spread on the bonds was wider than that on recent issues but reported good demand for the bonds from continental Europe, especially Switzerland.

ing priced at 99.73 to yield 7.22 per cent.

When the bonds were freed to trade in the late afternoon, they traded close to their launch level.

■ Asea, the Swedish industrial gas group, has announced a DM500m commercial paper programme for general financing and the financing of its German activities, writes Christo-

pher Brown-Humes in Stockholm.

The CP programme has been arranged by Dresdner Bank, which will also act as a dealer alongside Deutsche Bank and Citibank.

Asea already has a \$500m CP programme on the Euro market, a FF1bn programme on the French market and a \$100m programme on the UK market.

The CP programme has been arranged by Dresdner Bank, which will also act as a dealer alongside Deutsche Bank and Citibank.

[illegible]

TRADITIONAL OPTIONS

• First Dealings	Feb. 22	puter, Forrant, Hanson warrants.
• Last Dealings	March 5	Hartstone, Lloyds Thompson.
• Last Declarations	June 3	Medeva, Microvitec, Nurdin &
• For settlement	June 14	Peacock and Tottenham Hotspur.

—month call rate indications are shown in Saturday editions.

calls in Acorn Computer, ASDA, Avresco, Babcock, Blimec, Barcom, Costain, Enterprise Com-

puter, Forrant, Hanson warrants, Hartstone, Lloyds Thompson, Medeva, Microvitec, Nurdin & Peacock and Tottenham Hotspur. Puts in Barcom, Euro Disney and Medeva. Doubles in ASDA, Channel Hidge, Cupid, Enterprise Computer and Microvitec.

[illegible]

PRICE INDICES						AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 22	Fri Feb 19	Year ago (approx.)
	Mon Feb 22	Day's change %	Fri Feb 19	Accrued interest	ad. adj. to date					
						British Government				
						1	Low 5 years	6.62	6.33	8.59
						2	Coupons 15 years	7.82	7.82	9.16
						3	0% - 7% 20 years	8.11	8.15	9.16
						4	Medium 5 years	6.88	6.92	9.41
						5	15 years	8.31	8.32	9.24
						6	6% - 10% 20 years	8.48	8.49	9.24
						7	High 5 years	7.05	7.10	9.64
						8	Coupons 15 years	8.57	8.59	9.34
						9	0 (11% - 20 years)	8.65	8.67	9.27
						10	Irredeemables (Flat Yield)	8.55	8.57	9.36
						Index-Linked				
						11	Inflation rate 5% Up to 5 yrs.	2.01	2.01	3.65
						12	Inflation rate 5% Up to 5 yrs.	3.50	3.52	4.42
						13	Inflation rate 10% Up to 5 yrs.	3.13	3.13	4.77
						14	Inflation rate 10% Over 5 yrs.	3.31	3.33	4.92
						Bonds & Loans				
						15	Bonds 5 years	8.61	8.62	10.86
						16	Loans 15 years	9.41	9.42	10.63
						17	Loans 20 years	9.63	9.65	10.46
						British Government				
1	Up to 5 years (24)	+129.55	+0.12	129.40	1.76	1.72				
2	5-15 years (22)	+148.48	+0.14	148.52	1.41	1.80				
3	Over 15 years (8)	+156.77	+0.10	156.61	1.35	2.85				
4	Irredeemables (4)	+179.09	+0.28	178.59	3.37	0.00				
5	All stocks (60)	+144.77	+0.13	144.70	2.56	2.27				
						Index-Linked				
6	Up to 5 years (2)	+183.34		183.33	0.05	1.51				
7	Over 5 years (12)	+171.01	+0.23	170.61	0.65	0.87				
8	All stocks (14)	+171.51	+0.20	171.16	0.58	0.96				
9	Bonds & Loans (16)	+127.29	+0.19	127.04	1.97	1.86				

COMPANY NEWS: UK

Airtours bid on hold awaiting probe move

By Richard Gourlay

AIRTOURS AND Owners Abroad, the rival travel group it is bidding for, continued to trade shots as the Takeover Panel put the timetable of the £225m bid on ice pending a decision on whether it should be referred to the Monopolies and Mergers Commission.

Owners Abroad accused Airtours of continuing to deny its shareholders the information they will need to make a decision on whether to accept the paper offer that is accompanied by only a partial cash alternative.

An Airtours adviser said that Owners Abroad's annual report, published last week, was the first financial information that Airtours had received.

"It has some pot holes, not to

say black holes," which needed to be taken into account when, and if, Airtours was considering whether to raise its offer, he said.

Mr David Crossland, Airtours chairman, called for the protagonists to get back to the "real issues" of "track record and what is good for shareholders" once the trade and industry secretary has decided whether to refer the bid.

Answering questions posed by Owners Abroad last week, Airtours said that having a financial year-end of September 30, rather than at the end of October, after the end of the holiday season, had no material effect on its profits.

Deferring the cost of "empty legs" to the next year in this way has the effect of increasing profits by less than 2 per

cent of profits, Airtours said.

The bidder also said that while the figures were not directly comparable, Airtours provided more than double the amount for maintenance costs for its aircraft by comparison with the amount Owners Abroad provided for its 17 aircraft.

Airtours repeated that it believed Owners Abroad did not have in place adequate foreign exchange cover.

While Owners Abroad had £173m, or an amount equal to about 23 per cent of sales, Airtours had £195m or about 48 per cent of sales, according to Mr Harry Coe, Airtours finance director.

Mr Michael Heseltine, the trade secretary, is expected to announce whether he is referring the bid within the next few days.

Welsh Water pays £56m for engineer

By Angus Foster

WELSH WATER yesterday became the sixth water company to make a significant acquisition this year when it paid up to £56.1m for Acer Group, the consultant engineer.

Welsh has been rethinking its diversification policy since it sold a controversial 14.9 per cent stake in South Wales Electricity last December. Analysts said the decision to concentrate on engineering made sense and gave Welsh a meaningful non-core business.

Mr John Elford Jones, chairman, said the acquisition would allow Welsh to grow its non-core profits. "We see ourselves as an infrastructure services company, so Acer is exactly the step we were looking for," he said.

However, the deal was attacked by Mr Rhodri Morgan, MP for Cardiff West and Labour spokesman on the water industry. He said Welsh's previous diversifications, which include a loss-making hotel arm, had been "disastrous".

Acer was formed in 1987 through the merger of Freeman Fox, which had a reputation as a bridge designer, and John Taylor and Sons, which had expertise in water-related projects.

In the year to April 30, the company made pre-tax profits of £4.4m on turnover of £85.5m. About 60 per cent of profits came from Europe, with the rest spread throughout the world. European sales are split between the transport and water sectors.

Mr Graham Hawker, Welsh's group managing director, said the companies had been in discussions since last July. Acer's shareholders decided to sell because some partners had retired and ICF of the US, which owned 30 per cent, no longer wanted to acquire the company. "Those still in the business realised their balance sheet could no longer support growth," he said.

Welsh is paying £21m in cash and assuming Acer's £27m of debt. A total of 36 senior managers have signed two year service contracts which include incentive payments if Acer's profits in the 35 months to April 1995 exceed £10.4m. The maximum payable under the scheme is £8.1m.

Welsh will fund the purchase through cash held outside the core business. Welsh raised £75m through a bond issue in 1991 and made a £17m profit on the disposal of the electricity stake. The pro-forma exit p/e ratio is 7.8. Acer had net assets at the year end of £2.8m and goodwill of £5m.

Acer has a small joint venture with Severn Trent

Bitter dispute comes to a head

Licensees claim new leases are onerous. Philip Rawstone reports

IT WAS my dream to have my own pub. Now it's turned into a living nightmare," said Mrs June Varty, licensee at the Gardeners Arms, at Droyliden, near Manchester.

Today, Mrs Varty will join other licensees of pubs owned by Intreprenur Estates, the Grand Metropolitan/Courage joint venture, in picketing GrandMet's annual meeting in London. They are protesting against "excessive rents and onerous leases" which, they claim, are forcing hundreds of Intreprenur landlords towards bankruptcy.

GrandMet insisted yesterday that less than 100 leaseholders were involved in the protests. Long-term leases had been agreed with 4,700 of IEL's 6,850 pub licensees. Since IEL was established nearly two years ago, between 7 per cent and 8 per cent of licensees have gone out of business compared with 15 to 20 per cent a year under the old tenancy system.

"The leases, and the rental, which takes into account turnover, the pub location and other factors such as the likely cost of repairs, are freely negotiated," the company said.

But Mrs Varty added that a show of hands at a meeting of 110 Intreprenur leaseholders in north-west England earlier this month showed that many of them had been visited by bailiffs.

"I have had three visits," said Mrs Varty, 53, "but I am not going without a fight."

"Intreprenur want £1,500 a week from me in rent and arrears but my weekly takings are only £1,000."

Mrs Trisha Boyce, who runs the Britannia Inn, at Alcombe in Somerset, founded the National Association of Intreprenur Lessees (NAIL) five months ago to combat, including through court action, the terms of the company's leases.

She said the licensees would ask the courts, and if necessary the European Court, to declare the leases null and void.

Mrs Boyce acquired her lease for £23,000 in 1991. Her annual rent is £18,500 - four years earlier when the pub was owned by Ubers, the rent was £4,250 a year, she said.

Charges, such as insurance, and the cost of repairs to the

300-year-old pub, added to the burden. "Trade is hit by recession and growth will always be limited. This is a village pub without a car park."

On legal advice, she told GrandMet last year that she did not want to be freed from tied beer supplies. "If I wasn't freed, they could not increase my rent."

Mr Martin Moore, licensee of The Bridge, at Uckfield, East Sussex, signed the 20-year lease for his pub in 1981. The rent was £18,000 a year. "I knew that would be tough to find in a recession," he said. "But I spent my £35,000 savings in refurbishing... and I managed to keep my head just above water."

Last October, when the pub was freed, under the government's beer orders, from its tied beer supply with Courage, the rent was increased to £29,100 a year.

Courage offered me discounts of £3,000 a year to continue supplying my beer - but there is no way now that the business can be viable, and the lease is unsaleable."

He added: "At the start of these leases two to three years ago, the annual rent would be

5 to 7 per cent of the freehold value. Today, it is 18 to 25 per cent." His only recourse to the rent increases, he said, was "to attempt to assign an unsaleable lease or slide inexorably into bankruptcy".

"To afford this lease, I would need to make the pub perform better than it ever did in the boom years, let alone during the deepest recession the trade has ever encountered. In the present economic climate, the sensible action would be to reduce the rent to a level the business can afford."

GrandMet said yesterday that the leases are popular and the rents were freely negotiated with the licensees having recourse to arbitration.

"Every single rental agreement made by Intreprenur has been agreed through negotiation by both parties. The only exceptions have been cases where leases have been assigned by the original licensee."

Mr Nigel Openshaw, GrandMet's chairman, said: "The fact that we were able to pick up shares so easily shows that Wheway's shareholders are voting with their feet. It is time Wheway's board recommended this offer."

Wheway shareholders are being offered one McLeod share for every 10.

Board shake-up at Harmony

By Tim Burt

HARMONY LEISURE, the loss-making pubs and restaurants group, yesterday announced sweeping board changes and proposals for a rights issue following an evaluation of its poor trading performance by Guinness Mahon, the merchant bank.

Mr Bob Dawson, chairman, and Mr John Lever, a director, have resigned from the board. Mr Stanley Lever is to relinquish his position as managing director, although he will remain in a non-executive capacity.

Mr John Main, a director at Southend Property Holdings, was named yesterday as chairman and chief executive. He has been joined on the board by Mr Martin Marcus, joint managing director

of Queens Moat Houses. Southend Property and Queens Moat together control almost 20 per cent of Harmony's share capital.

Mr Marcus said the new board was preparing a rights issue in a bid to restore Harmony's capital base which has been depleted by accumulated losses of £6.5m over the past three years.

"The management of Harmony was unsatisfactory and the company needs extra equity by way of assets and cash," he said yesterday.

The proposed rights issue, which has yet to be approved by shareholders, is likely to involve issuing new ordinary shares of 5p; it was not clear last night what the ratio would be for existing shares.

Mr John Main said the full terms would be announced

shortly. Such a rights issue would help Harmony build a new vehicle for asset investment, he added.

"The whole company is very tired and needs to be rejuvenated," he said.

The appointment of Mr Main follows mounting concern at the group's performance, which escalated last year after Harmony announced interim pre-tax losses of £344,000 in the six months to September 27.

Yesterday the company also announced a profits warning for the six months to the end of March this year and said there would be a "significant pre-tax loss" for the full year.

The Harmony board has been under increasing pressure since rebel shareholders launched a campaign for the appointment of new non-executive directors last October.

Peugeot tumbles to £10.2m

By Kevin Done, Motor Industry Correspondent

PEUGEOT TALBOT, the UK subsidiary of PSA Peugeot Citroën, the French car maker, suffered an 80 per cent fall in pre-tax profits last year to £10.2m.

The fall from £50.8m in 1991 came despite turnover increased to £1.53bn (£1.44bn). Mr Geoffrey Whalen, managing director, warned yesterday that trading conditions would remain difficult and margins would continue to be "depressed" in 1993.

Peugeot Talbot's pre-tax profits have dropped steeply during the prolonged UK recession from £135m in 1989 and £109m in 1990.

After-tax profits fell last year by 82 per cent to £6.8m, from £36.3m in 1991.

The company is being forced to halt production for three days this week from Wednesday to Friday at its Ryton, Coventry assembly plant in the face of weak sales in particular in export markets. About 3,500 hourly paid production workers will be laid off with the loss of 5 shifts.

The announcement of the sharp deterioration in the company's profitability was accelerated in the face of the continuing threat of industrial action at the Ryton plant.

The workforce is due to ballot again on Monday about a two-year pay deal, after abandoning a previous strike threat last Friday.

Peugeot Talbot car exports from the UK dropped last year by 13.6 per cent, from 61,384 to 53,019, reflecting lower demand in some continental European

markets, said Mr Whalen.

In the UK, the Peugeot marque increased its market share to 7.5 per cent (7.3 per cent) helped by a 7.3 per cent jump in sales volume to 124,019 (115,567).

Mr Whalen said that profit margins had been squeezed by difficult market conditions both in the UK and in continental Europe, by the impact of the devaluation of the pound, and by increasing demands to meet tougher environmental requirements and higher vehicle safety and security standards.

Car output at the Ryton assembly plant fell by 2.5 per cent last year to 85,726, against 87,965 in 1991. The company started production last month of a second car range at Ryton, the Peugeot 306, which will be launched in the UK in April.

Baldwin shows advance of 8% to £2.47m

By Catherine Milton

PRE-TAX PROFITS at Baldwin, the holidays, printing and properties group, rose 8.2 per cent from £2.28m to £2.47m in the year to end-October 1992.

The group also took a £1.1m extraordinary provision against Baldwin's legal battle over the value of a 6 per cent stake in London Clubs International.

The company is suing other shareholders in London Clubs, who acquired Baldwin's 6 per cent investment, for substantial damages. They acquired the stake for £54,000 after the Gaming Board objected to the renewal of the casino company's gaming licence in 1991. In 1989 Baldwin paid some £900,000 for the holding.

Any damages awarded would be recorded as an exceptional gain and included in pre-tax profits once the new accounting standard on exceptional and extraordinary items comes

into force.

When the 1993 results are reported, Baldwin will be obliged to restate its 1992 figures consistent with the new standard, including the provision in pre-tax profits.

Group turnover increased 8 per cent to £28m (£27m), and operating profits rose by a quarter from £1.8m to £2.3m. But net interest receivable dropped from £449,000 to £180,000.

Tour operating activities increased profits by 50 per cent, from £1.49m to £2.23m. Profits from print fell from £271,000 to £123,000 and property profits fell from £218,000 to £76,000.

Earnings per share rose 15 per cent to 3.5p (3.0p), and a dividend of 3p is proposed, an increase of 0.2p on the total for 1991 of 2.8p. Interim dividend was paid because of the "unclear" position surrounding the investment in London Clubs.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for last year	Total for year
Amicable Smaller	1.7	Apr 2	-	3.4	-
Astead	1.133	Apr 6	1.1	-	4.125
Baldwin	31	Apr 1	1.4	3	2.8
Capita	4.21	May 11	3.6	6.3	5.4
Capex Furniture	1.51	May 12	2.75	-	2.75
FL	5	May 7	5.5	-	14
F&C Enterprise	0.44	Apr 7	0.4	0.44	0.47
Germore Emerg	0.15	Apr 26	0.13	0.15	0.137
Low & Bonar	6.4	May 11	6.4	9.1	9.1

Dividends shown pence per share net except where otherwise stated. 10n increased capital. 50SM stock. 2EExcludes special 0.2p. 2EExcludes special 0.1p.

Senior turns down Wheway rescue role

By Roland Rudd

MCLEOD RUSSEL Holdings, the paints producer and distributor, which is offering £13.5m for Wheway, yesterday increased its stake in the struggling engineering group to 7 per cent.

McLeod purchased 4 per cent of Wheway at just under 10p a share. It came as Wheway learnt that it had lost the potential support of Senior Engineering Group, the tubing, boilers and ductwork group.

The two groups had held talks as part of Wheway's strategy of trying to find another third party interested in a merger. However, after looking at Wheway's businesses, Senior has decided

against making an offer.

Mr Hugh Ashton, Wheway's chairman, said he would continue to talk to other companies to see if he could get a better deal for shareholders.

McLeod and Wheway were also recently in talks about a possible merger. However, McLeod decided to go hostile after failing to reach agreement on price.

Mr Nigel Openshaw, McLeod's chairman, said: "The fact that we were able to pick up shares so easily shows that Wheway's shareholders are voting with their feet. It is time Wheway's board recommended this offer."

Wheway shareholders are being offered one McLeod share for every 10.

Andersen Consulting UK fee income rises by 25%

By Andrew Jack

ANDERSEN Consulting yesterday reported fee income up 25 per cent to £215m in the year to December 31 1992.

Revenues worldwide rose to £1.7bn in the same period. In common with other accountancy firms and consultants, Andersen refused to provide details of its profits.

Mr Keith Burgess, UK managing partner, said: "The industry average [of profits] is 10-12 per cent. We are at the high end, but margins are

under pressure."

He said that about four fifths of revenues came from professional billings.

Most of the remainder - with slightly lower margins - came from outsourcing, by which the firm takes over the direct running of clients' computer systems.

Aside from outsourcing, the firm said other fast-growing divisions were financial services and utilities.

He admitted that the revenues included any hardware or other goods and services bought in on behalf of clients he said this only amounted to about 4 per cent of revenues.

"We think we're doing remarkably well in difficult circumstances," said Mr Burgess.

Andersen's professional staff rose from 1,790 in 1991 to 2,126 last year.

British Vita is supporting the British Olympic Bid



...and so are many of our professional advisers

ARTHUR ALSOP WILKINSON
BOISWELL PARTNERSHIP
HENRY COOKE, LUMSDEN
Alexander & Stenhouse
N M ROTHSCHILD & SONS LIMITED

We are sure that many other business leaders would like to join us. For more information, please contact Peter Ward at:

British Vita PLC
Middleton, Manchester M24 2DB
Tel: 061-643 1133. Fax: 061-653 5411.

INTERNATIONAL LEADERS IN POLYMER, FIBRE AND FABRIC MATERIALS AND TECHNOLOGY... SERVING THE FURNISHING, TRANSPORTATION, APPAREL, PACKAGING AND ENGINEERING INDUSTRIES.

FINANCE AND INVESTMENT IRELAND

The FT proposes to publish this survey on April 30 1993

It will be of interest to the 42% of senior business people in Ireland who are FT readers * and will reach over one million FT readers world-wide. For further information on advertising rates and a copy of the editorial synopsis contact:

Charles Blandford
Tel: Dublin 761184
Fax: Dublin 792125
20 Upper Merrion St.,
Dublin 2.

or
Kirsty Saunders
One Southwark Bridge,
London SE1 9HL.
Tel: 071-873 4823
Fax: 071-873 3428

FT SURVEYS

Data source: EBRIS 1991

FINANCIAL TIMES

LONDON • PARIS • FRANKFURT • NEW YORK • TOKYO
Head Office: 1, The Quadrant, London EC4A 3DF. Tel: 020 7576 7000. Telex: 633000. Fax: 020 7576 7001.
Paris (Editorial): 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt (Advertising): 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York (Advertising): 115, West 40th Street, New York, NY 10018. Tel: 212 512 2000. Telex: 633000. Fax: 212 512 2001.
Tokyo (Advertising): 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: 03 5561 3000. Telex: 633000. Fax: 03 5561 3001.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Advertisements: Editorial, PO Box 1200, 1000 80 Amsterdam. Tel: 020 7576 7000. Fax: 020 7576 7001.
Advertising: Editorial, PO Box 1200, 1000 80 Amsterdam. Tel: 020 7576 7000. Fax: 020 7576 7001.
Circulation: Editorial, PO Box 1200, 1000 80 Amsterdam. Tel: 020 7576 7000. Fax: 020 7576 7001.
Paris: Editorial, 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt: Editorial, 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York: Editorial, 115, West 40th Street, New York, NY 10018. Tel: 212 512 2000. Telex: 633000. Fax: 212 512 2001.
Tokyo: Editorial, 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: 03 5561 3000. Telex: 633000. Fax: 03 5561 3001.
London: Editorial, 1, The Quadrant, London EC4A 3DF. Tel: 020 7576 7000. Telex: 633000. Fax: 020 7576 7001.
Paris: Editorial, 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt: Editorial, 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York: Editorial, 115, West 40th Street, New York, NY 10018. Tel: 212 512 2000. Telex: 633000. Fax: 212 512 2001.
Tokyo: Editorial, 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: 03 5561 3000. Telex: 633000. Fax: 03 5561 3001.
London: Editorial, 1, The Quadrant, London EC4A 3DF. Tel: 020 7576 7000. Telex: 633000. Fax: 020 7576 7001.
Paris: Editorial, 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt: Editorial, 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York: Editorial, 115, West 40th Street, New York, NY 10018. Tel: 212 512 2000. Telex: 633000. Fax: 212 512 2001.
Tokyo: Editorial, 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: 03 5561 3000. Telex: 633000. Fax: 03 5561 3001.
London: Editorial, 1, The Quadrant, London EC4A 3DF. Tel: 020 7576 7000. Telex: 633000. Fax: 020 7576 7001.
Paris: Editorial, 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt: Editorial, 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York: Editorial, 115, West 40th Street, New York, NY 10018. Tel: 212 512 2000. Telex: 633000. Fax: 212 512 2001.
Tokyo: Editorial, 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: 03 5561 3000. Telex: 633000. Fax: 03 5561 3001.
London: Editorial, 1, The Quadrant, London EC4A 3DF. Tel: 020 7576 7000. Telex: 633000. Fax: 020 7576 7001.
Paris: Editorial, 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt: Editorial, 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York: Editorial, 115, West 40th Street, New York, NY 10018. Tel: 212 512 2000. Telex: 633000. Fax: 212 512 2001.
Tokyo: Editorial, 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: 03 5561 3000. Telex: 633000. Fax: 03 5561 3001.
London: Editorial, 1, The Quadrant, London EC4A 3DF. Tel: 020 7576 7000. Telex: 633000. Fax: 020 7576 7001.
Paris: Editorial, 25, rue de Valenciennes, 75011 Paris. Tel: 01 42 65 60 00. Telex: 633000. Fax: 01 42 65 60 01.
Frankfurt: Editorial, 1, Postfach 10 15 50, D-6000 Frankfurt. Tel: 069 212 100 0. Telex: 633000. Fax: 069 212 10 01.
New York: Editorial, 115, West 40th Street, New York, NY 10018. Tel:

COMPANY NEWS: UK

Low & Bonar hit by restructuring costs

By Angus Foster

LOW & BONAR, the Dundee-based packaging and plastics company, yesterday announced a sharp fall in profits mainly because of £14.1m of exceptional restructuring costs.

Pre-tax profits fell from £21.8m to £8.1m in the year to November 30. The prior year figure was adjusted down from £24.2m to comply with FRS 3. At the interim stage, profits rose 4.9 per cent to £11.6m.

Mr Jim Long, who became chief executive last year, said European profits improved, especially in the UK. Restructuring costs, which covered the closure of its UK non-wovens business and the reorganisation of North American operations, would lead to further margin improvements this year, he said.

Turnover was almost unchanged at £307.4m (£307.7m), helped by £10.1m of sales from acquisitions. Oper-

ating profits increased 0.4 per cent to £25.3m, but profits on continuing operations fell slightly, mainly due to falling profits in Canada and heavier losses in the US.

The £11.1m acquisition of Royal Tuffon, the floor coverings company, and other purchases increased net borrowings to £36.5m (£13.2m). Interest costs increased more than £1m to £3.46m. Higher borrowings, and a slight fall in shareholders' funds, lifted gearing from 10 per cent to 30 per cent.

Earnings fell to 3.35p (17.04p) per share. The company said that earnings before exceptional items would have totalled 17.4p.

A proposed final dividend of 6.4p makes an unchanged total of 9.1p.

COMMENT

These results - and the exceptional charges - were well flagged and the shares gained

5p to 303p yesterday, mainly on optimism about the UK and US. After attacking the US losses and replacing management, the division should finally recover this year, while Canada is already benefiting from a stronger US dollar exchange rate. And, after weathering recession, UK packaging and specialist materials should do well with recovery. The worry is the Continent, which provided 36 per cent of operating profits, and where only Germany has so far shown signs of downturn. If the rest of the Continent follows, Low & Bonar's long awaited "annus mirabilis" - when nothing goes wrong - may take 12 months longer. Profit forecasts are for £26m, putting the shares on 15 times. After outperforming their sector in the first six months of last year, the shares have now come back in line. Without further news on Europe, they are likely to stay there.

Interest fall helps Ashtead rise 7%

By Peter Pearce

IN WHAT Mr Peter Lewis, chairman of Ashtead Group, described as a period of "relentless recession", the equipment rental company raised pre-tax profits from £1.5m to £1.61m in the six months to October 31.

The 7 per cent profits rise was struck on turnover up 280,000 at £16.8m. Operating profits slipped to £2.03m (£2.15m) but interest charges fell to £222,000 (£244,000) on lower rates. Some two thirds of the group's profits accrue in the first half.

Mr Lewis said that the oversupply in the non-operated plant hire market which has pertained since 1990 was showing signs of declining as competitors withdrew from the market. This would benefit the group, he said. He was pleased with the continued strength of the balance sheet and the neutrality of the group's cash flow during the period, in spite of a £2m increase in capital expenditure to £5.3m. The group bought only new equipment, whereas competitors had either bought second hand or hardly at all. Ashtead also increased its payroll numbers.

With the group's level of operational gearing, a 10 per cent rise in its UK prices would double its profits, though a rise of that size should not be assumed, he added.

In spite of the survey and inspection side making operating profits of £489,000 (£452,000) on turnover of £2.37m (£2.03m) and the US plant hire side making £74,000 (£164,000) on turnover of £1.1m (£380,000), the management was concentrating on the UK plant hire market. The group now relies for less than half of its turnover on the construction and civil engineering industries, with local authorities, public and private utilities and specialist companies making up the balance.

Earnings grew to 5.2p (4.6p) per share and the interim dividend is lifted 3 per cent to 1.13p.

Eurotherm accounts inconsistency

By Andrew Jack

EUROTHERM, the control equipment group, has admitted to an inconsistency between its 1990 and 1991 accounts following discussions with the Financial Reporting Review Panel, the UK accounting watchdog.

In a note to its latest accounts circulated yesterday, the company has restated restructuring provisions which it treated as extraordinary charges in 1990 but partly wrote-back as exceptional profits in 1991.

The 1991 accounts were not qualified by Arthur Andersen, the company's auditor. The restated figures treat the provision as an exceptional

item, which has the effect of reducing 1990 earnings per share from 19.5p to 12.3p. It makes no difference to the 1991 and 1992 results.

In an announcement yesterday coinciding with publication of the accounts, the Review Panel said it welcomed the company's restatement and considered that its examination of the accounts was now concluded.

Mr Sydney Treadgold, secretary to the Review Panel, said: "We feel that honour has been satisfied. The previous treatment was not right in terms of correctness and consistency."

But Mr Robert Biddle, Eurotherm's finance director, called the Review Panel "a

kangaroo court" which had made the assumption that the company was "guilty until proven innocent." He said: "I'm just amazed. I would have thought the panel had bigger fish to fry."

He said that restating items in prior years was "comparing apples with oranges" and argued that the company had tried to comply as quickly as possible with the new accounting standards.

He said the differing treatment was the result of the company adopting by the 1991 accounts the second, urgent announcement from the urgent issues task force of the Accounting Standards Board, which requires fundamental

restructurings to be treated as exceptional items.

Mr Treadgold said: "The panel makes every effort to explain its procedures and gives companies every opportunity to explain its accounting treatment. It is anxious to come to a voluntary agreement whenever possible."

Eurotherm made a £2.3m extraordinary charge for a fundamental restructuring of its manufacturing activities in the year to October 31 1990, which had no effect on pre-tax profits.

In the following year, however, it wrote back an exceptional gain of £513,000 for which it had over-provided in 1990, which increased pre-tax profits by 8 per cent to £7.2m.

Contracting out behind Capita's advance to £4.41m

By Richard Gourley

CAPITA GROUP, a provider of services to the public sector, yesterday reported a greater than expected increase in profits and earnings per share as it continued to enjoy the fruits of government contracting out.

Pre-tax profits rose from £3.45m to £4.41m on sales up 34 per cent at £33.1m (£24.7m).

Earnings per share rose 23 per cent to 19.3p (15.7p) and, as forecast at the interim stage, the total dividend is raised 17 per cent to 6.3p with a proposed final of 4.2p.

A 2-for-1 scrip issue is also proposed.

"We are currently looking at a significant volume of new business opportunities," said Mr Rod Aldridge, chairman and chief executive.

Most of the growth came from the outsourcing division, launched in 1989, where sales expanded 59 per cent to £17.8m, although pre-tax profits rose only 25 per cent to £2.45m. Sales in the advisory business, the original Capita activity, grew by 13 per cent but profits were up 31 per cent at £1.96m.

Mr Aldridge said that the most significant growth would come from the outsourcing of contracts from the 540 local authorities, less than 10 per cent of which were currently



Rod Aldridge: looking to outsourcing for growth

computer services division which resulted in the group spending £500,000 more than budgeted on sales and marketing.

This had helped win additional contracts, the cost of which had been taken during the year but the benefit from which had hardly contributed to 1992 profits.

COMMENT

With the government determined to farm out large amounts of white collar work to the private sector, Capita is successfully mining a seam that a few years ago was almost non-existent. Without too much hyperbole, the potential markets can be measured in many billions of pounds, leaving Capita with the enviable problem of choosing where to deploy its growing but still limited resources.

What is more, Capita's ability to generate sales from new products, like the collection of local taxes, should not be underestimated. That said, much of this promise is already in the price after a strong run. Forecasts for this year of pre-tax profits of about £5.5m, or earnings of 23.5p, anticipate contracts about to be announced and put the group on a prospective earnings multiple of 19. That is demanding but fair.

Amberley chairman to resign from board

By Nigel Clark

AMBERLEY GROUP, the USM-quoted building services company, is poised for expansion following the conditional sale of most of its holding by Mr Dennis Buckley, chairman, and his departure from the board.

Henry Nominees is buying 955,400 shares (14.99 per cent) at 27p leaving Mr Buckley with a 2.98 per cent holding. The shares gained 3p to close at 23p.

Mr Brian Meddings, who was with EPB and Mr Robert Healey, who was with Hawley, are joining the board in an executive capacity. It is not yet known who will replace Mr Buckley as chairman.

Mr Philip Kanas, a non-executive director of Amberley, said it was proposed to double or triple in size through acquisitions paid for by paper. The areas for growth would probably be away from the present building preservation services but still within building services. Amberley fell into £75,000 losses (£75,000 profits) on turnover of £1.62m (£1.59m) in the six months to September 30.

Coventry Bld Society ahead 16%

By John Gapper

COVENTRY Building Society disclosed a 16 per cent rise in pre-tax profits, from £21.3m to £24.7m, despite a rise in provisions for possible bad debts to £13.7m, against £9.9m.

Operating profit rose by 23 per cent to £36.3m (£31.2m). Net interest income rose 18 per cent to £54.8m (£46.6m), helped by a 14 per cent growth in total assets to £2.89bn (£2.37bn).

Mr Martin Ritchley, chief executive, said he was pleased with the society's performance in all areas of business against a background of recession and a depressed housing market.

Despite the increase in total assets, mortgage lending fell by 8 per cent to £485.1m (£526m) - of this total, £160.5m was lent to first-time buyers.

The ratio of management costs to mean assets fell from 10.8 per cent to 1.04 per cent, while the cost to income ratio fell from 43.2 to 40.7 per cent.

Management buy-out talks at Caithness Glass

MANAGERS of Caithness Glass, the Scottish ornamental glass maker, are negotiating to buy the company from Drumbule, the liqueur company which acquired it in early 1991.

That Drumbule, owned by the McKinnon family which founded it, is prepared to shed Caithness is a reversal of its previous, widely publicised strategy of diversifying away from dependence on the after-dinner liqueur.

The Caithness acquisition was said at the time to be the first in a series of purchases of Scottish companies making

quality products. But no further acquisitions were made and Mr Peter Shakeshaft, the finance and development director who spearheaded the new policy, left in February 1992.

Yesterday Mr Alastair Mair, managing director of Caithness Glass, confirmed that an MBO was being negotiated. He did not say who would be backing it.

Caithness employs 250 people at factories in Perth, Oban and Wick. Last year it closed its plant at Kings Lynn, Norfolk. It has shed 120 jobs because of recession.

Success for recent rights issues

Three companies announced results of their recent rights issues, each having over a 90 per cent take-up.

Asda announced that 94.26 per cent of the 668.9m new ordinary shares offered by way of rights had been taken up. Burton said that acceptances had been received in

respect of 151.6m shares, representing 90.37 per cent of the total number of new shares offered by way of rights under the 1-for-4 issue.

Wessex Water received acceptances for 16.1m new shares, representing 93.2 per cent of the total offered under the 1-for-5 rights issue.

NEWS DIGEST

FII rides recession with £3.5m

DESPITE "sustained recessionary pressure" on trading conditions and margins, FII Group, the footwear and scientific equipment company, lifted interim profits from £3.2m to £3.48m pre-tax.

Mr Monty Sumray, chairman, said the group's priority was to "stem margin erosion". Measures could involve site changes and some redundancies, exceptional costs of which would occur in the second half. Lower interest rates "will exacerbate margin pressure and reduce investment income," he said.

The footwear division turned in unchanged profits before interest of £2.9m on turnover of £35.4m (£34.6m). The maintained result masked increased costs of imported materials and components and resistance to higher selling prices, Mr Sumray said.

The scientific and technical side returned a profit of £200,000 on turnover of £5m (£5.6m). Exports rose 43 per cent to £3m (£2.1m).

Earnings per share emerged at 15.8p (15.7p); the interim dividend is raised from 5.5p to 6p.

Essex Furniture advances 65%

Essex Furniture mounted a buoyant performance in its traditionally stronger first half to end-December.

On turnover ahead 61 per cent to £5.19m (£3.23m), pre-tax profits improved 65 per cent,

from £375,000 to £619,000. The company has opened two Furniture Workshop showrooms since July, and plans to open at least three more by December.

The interim dividend is lifted to 1.5p (1.25p), payable from earnings per share of 3.73p (2.46p) on capital increased by last June's rights issue.

Queens Moat ties up Holiday Inns deal

Queens Moat Houses and Holiday Inn Worldwide, a subsidiary of Bass, yesterday announced an expansion of their franchise agreement.

Under the agreement, Queens Moat will convert four of its UK hotels and four on the Continent into Holiday Inns.

Queens Moat has also restructured the franchise agreements covering its 19 existing Continental European Holiday Inns, extending them for a further 10 years.

See Lex

Morgan Crucible in Chinese joint venture

Morgan Crucible, the materials technology group, has signed an agreement with Shanghai Electrical Machinery for the formation of a joint venture company.

Shanghai Morgan Carbon will manufacture electrical and mechanical carbon products which have a wide range of applications and are vital components in electric locomotives, starter motors, industrial machinery used in paper and steel mills and mining equipment.

Morgan Crucible will contribute technology and equip-

ment to the value of \$5.4m (£3.4m) whilst SEMC will contribute the existing carbon business of the Shanghai Electrical Carbon Factory.

Morgan Crucible will own 51 per cent of Shanghai Morgan Carbon and SEMC 49 per cent.

F&C Enterprise net assets advance 20%

Foreign & Colonial Enterprise Trust raised net assets per share by 20 per cent from 44.8p to 53.8p in 1992.

The trust said it had actively invested in the UK, where conditions remained strongly in favour of the cash buyer. It also benefited from a number of profitable disposals, the most important of which was the flotation of Olcom in the US.

Income from the portfolio remained strong and the proposed dividend is 0.44p - last year's payment was 0.4p and there was also a special 0.2p.

Total revenue was little changed at £2.67m (£2.71m), but the after-tax figure was lower at £266,000 (£265,000) giving earnings per share of 0.46p (0.56p).

Channel Holdings turns in £191,000

Channel Holdings, formerly Channel Tunnel Investments, reported a pre-tax profit of £191,000 for the six months to end-December.

The result included a maiden contribution from Carlow Products (UK) for the period from its acquisition in August. Basic earnings per share were 1.3p. For the 13 months to December 1992 there was a profit of £172,000 and earnings of 2p.

Mr Philip Ling, chairman, said that since its acquisition Carlow had continued to perform satisfactorily.

The company continued to improve its market penetration in the UK and overseas; Mr Ling anticipated that Carlow's sales and profits would continue to increase during 1993.

He expected that a dividend would be recommended in respect of the 15 months to March 31 1993.

Aerospace Eng to build factory

Aerospace Engineering's subsidiary, Labtech, the Wales-based manufacturer of microwave circuit boards, is to build a new 20,000 sq ft factory to service the telecommunications, avionics and space research markets.

When fully operational the factory will create up to 100 jobs.

Aerospace and Labtech are currently negotiating a financial package with the Development Board for Rural Wales to help fund the building and equipping of the proposed factory, which is expected to be completed by the end of 1993.

Amicable Smaller asset value at 96.2p

Amicable Smaller Enterprises Trust reported net asset value of 96.22p per share at December 31, up from 95.52p when it came to the market in March last year.

Net revenue for the period was £788,000 for earnings per share of 3.83p.

A final dividend of 1.7p is proposed for a total of 3.4p.

Notice to the Holders of Warrants of NIPPON KOSHUHA STEEL CO., LTD. (the "Company") issued in conjunction with

U.S.DLR80,000,000 5 per cent Guaranteed Notes 1994

Notice is hereby given that on 19th February, 1993, the average closing price per share of common stock of the Company, for the five consecutive days up to and including that date, multiplied by 1.025 and rounded upward to the nearest one yen was less than the Subscription Price in effect on such day by not less than one yen, and that therefore, in accordance with Condition 2(A) of the Terms and Conditions of the Warrants (Downward Revision), the Subscription Price of the captioned Warrants is to be revised as follows:

1. Subscription Price before revision: Yen 486.50
2. Subscription Price after revision: Yen 390.00
3. Effective date of revision: 8th March, 1993 (Japan time)

NIPPON KOSHUHA STEEL CO., LTD.

By The Long-Term Credit Bank of Japan, Limited

As Principal Finance Agent

Dated 2nd February, 1993

ABN AMRO Holding N.V. established in Amsterdam

ABN AMRO Holding N.V. hereby gives notice that, pursuant to the Netherlands Major Holdings in Listed Companies Disclosure Act, Commercial Union Assurance Plc, St. Helen's, 1 Undershaft, London, has reported an indirect capital interest (actual) of 5.9 percent, which consists of depositary receipts for registered preference shares of ABN AMRO Holding N.V.

The capital interest does not concern an actual change of ownership but only a replenishment of the capital interest of Delta Lloyd Verzekeringgroep N.V., Amsterdam, which was reported on February 21, 1992.

Amsterdam, February 20, 1993
ABN AMRO Holding N.V.

ANNOUNCEMENT

INVESTMENT OPPORTUNITY

CAIRO SHERATON HOTEL TOWERS & CASINO

In the context of the Egyptian Government Privatization Policy, the Holding Company for Tourism owned by the Government of Egypt, and its affiliate the Egyptian General Company for Tourism and Hotels "EGOTH", announce the proposed divestiture of: Cairo Sheraton Hotel Towers & Casino.

The Cairo Sheraton was opened in 1970 as a five star hotel overlooking the Nile, and located on a plot of land measuring 5451 sq. m. at Galaa Square, Cairo. It serves both business and tourist markets. It was substantially enlarged in 1989 through construction of a second 27 storey tower, and now has 547 rooms and 113 suites. Its overall built-up area comprises 95,000 square metres.

The 1992 unaudited financial statements reveal that the facility's revenue is in excess of 110 million Egyptian Pounds and the owner's share in the GOP from said facility for the same year is over 47 million Egyptian Pounds.

The Cairo Sheraton Hotel Towers & Casino is operated by Sheraton Overseas Company, Ltd, under a management contract.

Parties interested in this unique opportunity may now obtain the information memorandum describing the Cairo Sheraton Hotel Towers & Casino from the Financial Advisor named below:

Misr Iran Development Bank
Attn. Mr. Al-Motaz Mansour
Managing Director
The Nile Tower
21 Giza Street, P.O. Box 219 Orman 12612
Giza - Egypt
Cable MIRBANK - Fax (20-2) 570-1185
Tel. (20-2) 570-0622

Interested investors should submit their applications accompanied by information on their legal and financial status, areas of activity and affiliation to similar investments as well as their bank references.

Closing date for submission of applications no later than 12 noon of March 31, 1993.

COMMODITIES AND AGRICULTURE

Palladium and platinum prices suffer 'body blow'

By Kenneth Gooding, Mining Correspondent

JAPANESE SPECULATORS, whose buying recently sent the price of palladium soaring to its highest level for 32 months, changed their minds yesterday and their panic attempts to sell sent the metal's price plummeting.

Palladium, one of the platinum group metals and used mainly in consumer electrical goods and as a dental alloy, fell in London by \$7.90 to close last night at \$101.10 a troy ounce.

Speculators had driven the price from \$85 to \$119 an ounce on fears of production difficulties in Russia, which supplies about half the world's palladium. Yesterday's panic selling was triggered partly by carelessly timed statements from some big Japanese car companies last week.

They told the Reuters news agency that, because their production was falling, not only did they not need Russian platinum group metals, they might even sell some of their present surplus.

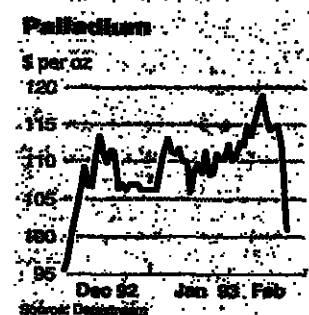
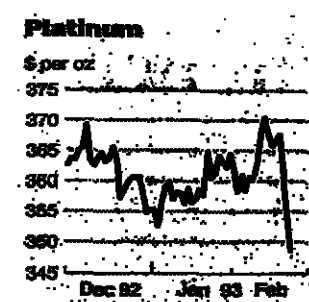
The car companies are more

interested in platinum than palladium - only 12 per cent of palladium sales are used for anti-pollution car catalysts whereas 40 per cent of platinum is used this way - so the platinum price has also been falling fast - by \$8.50 an ounce last week. Yesterday it closed in London at \$348.50, down \$10.75 from Friday's close.

The palladium price had been weakening on the Reuters report but the trickle became a flood yesterday after the yen strengthened against the US dollar, the currency in which palladium is traded internationally.

"When the yen price started to fall because of the dollar's weakness, speculators tried to sell. But there is no physical demand for palladium so the price fell even faster," said one trader.

Mr Andy Smith, analyst at the Union Bank of Switzerland, pointed out that the Russians had consistently maintained that their exports recently were delayed by administrative tangles and bureaucracy. Palladium was a by-product of Russia's nickel production and the



country had little use for it. "So we must assume they have ample stocks and their explanation is credible," he said. The car companies' statements came as a "body blow to bull-ness".

Mr Smith said the palladium price was still indicating that supplies were tight. There was a premium for metal for immediate delivery and the cost of leasing palladium was very high at 10 per cent. "There is a mysterious squeeze on the market," he said.

Cocoa pact compromise proposed

By Frances Williams in Geneva

THE FOURTH and final round of United Nations-sponsored talks on a new international cocoa agreement kicked off yesterday with a compromise proposal from the chairman, Mr Peter Lal of Malaysia, on the price range to be defended and the pact's financing.

The 45 or so producing and consuming nations represented have until March 5 to agree on a successor to the 1986 accord, which expires at the end of September.

The compromise envisages a price range of \$2,100-2,150 a tonne, with a median price of \$2,125 (\$1,780). At the end of negotiations last November, producers were demanding a price range of \$2,150-2,170 while consumers offered \$2,050-2,080. Cocoa is at present trading near historic lows in real terms because of SDR30

on the sensitive issue of financing. Mr Lal has suggested that producers and consumers share the cost of the proposed withholding scheme for stabilising cocoa prices, with contributions equivalent to \$3 a tonne on imports or exports. However, governments would be free to decide how to finance their contribution.

Consumers have rejected producer calls for a trade levy, insisting instead that the new pact be financed in the first place by payment of the \$137m owed by producers to the International Cocoa Organisation.

Mr Lal's compromise would require producer countries in arrears to pay their own costs of storage and rotation for withheld stocks, enabling them to part-pay their debts in local currency and save on scarce foreign exchange.

A separate proposal came yesterday for a 350,000 tonne limit on the amount of cocoa that could be withheld from the market to bolster prices. Last November, producers were demanding 380,000 tonnes, consumers 330,000.

Jamaica to sell sugar mills

By Canute James in Kingston

JAMAICA'S FIVE state-owned sugar mills are to be sold by the end of this year, putting the island's sugar industry totally under private ownership.

The five mills being sold have a rated capacity of 260,000 tonnes of raw sugar per year. The four privately-owned mills can produce 90,000 tonnes per year.

Russia to 'welcome' foreign oil cash

Local funding is insufficient to revive the sector, writes John Lloyd

"I WELCOME foreign investment," says Mr Yegor Alekperov, appointed head of Rosneft, the Russian state oil company now being created to manage the industry. His direct endorsement of overseas investment will be good news for the increasingly sceptical and discouraged foreign oil majors who have found getting more than a toe-hold in the Russian oil sector arduous and time consuming.

Mr Alekperov, still head of Lukoil, one of the new vertically-integrated oil companies, sees the new state corporation as "a central agency permitting effective management of the industry" during the next three years, when the industry will be transformed into a series of joint stock companies the bulk of the shares in which will be held by the state, through Rosneft. The new corporation will replace Rosneftgaz, widely seen as an ineffective voluntary agency grouping

the oil production associations, but constantly undermined by the energy ministry and other state bodies. "We will be a managerial body responsible for the enterprises' performance. Our job is to create a series of vertically integrated companies, and we will be present on the boards of every one of them" - except for Lukoil, which will remain independent.

The new state boss knows the condition of the industry he is trying to revive - its production plunging, its easily recoverable reserves mostly exhausted, its technological capacity and funds insufficient to sustain the vast investment programme needed to revive its fortunes. Hence his welcome for foreign companies. He even - cautiously - says that Rosneft may act as a guarantor for their investments "at some time in the future" - a role the state itself now refuses to take.

He believes, however, "that we are past the worst point. The shock came in 1990 and 1991, when investments dropped sharply and when the debt to the enterprises rose to \$400bn (about \$600m at the present free market exchange rate). But now people are learning to reorganise and live with the new conditions".

The legacy, however, has been a broken chain of production and supply, with producers unable to find refiners, refiners unable to obtain crude and garages closing for lack of supply. "The chain has to be re-established, there is a lack of responsibility now at all levels. Our aim is to create a structure which will be responsible for the final result - gasoline at the filling station."

The contest for exploitation rights in the autonomous district of Khanty-Mansiysk, in the Tyumen region of Western Siberia, where deposits are estimated at some 70bn tonnes

provides an example of how Mr Alekperov expects Rosneft to operate. The State Geology Committee, with the Khanty-Mansiysk authorities, have opened the tender to foreign companies: Rosneft will not be involved at this stage, but may come in later as a bidder for exploitation rights. Local rules seem, for the moment, strong.

Western oil companies, which include most of the majors who have been to the region say that the first offer was for a 30 per cent stake in the field - an unattractive offer to most, especially when the basic petroleum law has yet to be adopted.

Asked if he feared the interference of the state - a fate which befell Rosneftgaz - he said that "the energy ministry is concerned with legislation and regulation of all the energy industry. We are the managers, there should be no confusion". A bold word from a Russian manager.

Major oil companies present included Statoil, Shell, OMV (Austria), Elf, Total, Nippon Oil and Landa, middle-ranking companies such as Ranger Oil and Bow Valley (a British Gas subsidiary), and a large number of small entrepreneurial explorers such as Edinburgh-based Cairn Energy and Sweden's Taurus Petroleum. Three international US oil companies were represented by their UK affiliates.

Other companies said by Cuban officials to be "seriously interested" include Pan-Canadian Petroleum and New Zealand's Fletcher Challenge. Total, Braspetro, Taurus Petroleum, and Canada North-West Energy, have already obtained bids during previous bilateral negotiations.

The presence of a representative from the DIT's offshore supplies division at the presentation indicates UK government recognition that Britain could eventually obtain some of this business.

The authors are partners in SERIS (Sheffield Energy and Resources Information Services).

THE RISING tension between Russia and Ukraine, by far the largest of the former Soviet states, has been further exacerbated by a bitter row over the payment for and supply of gas.

The Russian state gas corporation Gazprom has alleged lack of payment of \$400bn (as of Feb 18) for gas supplied since last year - a non-payment which, according to Mr Rem Vyakhirev, Gazprom's chairman, has left the company without sufficient funds to meet staff wages.

It has threatened to cut off supplies, which would be a serious not just for Ukraine but for the European countries - especially Germany - that are highly dependent on Soviet gas. Mr Vyakhirev, quoted by the Interfax news agency, said over the weekend that the gas has been supplied in full, but that it will continue - though the gas pipeline through Ukraine is highly vulnerable and Ukraine has in the past taken the gas it has needed from it while it was in transit to third countries.

More than 90 per cent of gas exported outside the former Soviet borders passes through Ukraine.

The two sides have been talking about a new price for gas, but have been unable to agree. Russia has said it wants to switch immediately to world market levels (about \$55 per 1,000 cu metres), but Ukraine has pleaded inability to pay. It has also realised by saying that it will charge world level transit fees for the gas crossing its territory.

The battle between the two former Soviet states is shaping up to be more serious than that which drove them apart last year - since both are now suffering from increasingly harsh economic climates and have little room to compromise.

Major oil companies present included Statoil, Shell, OMV (Austria), Elf, Total, Nippon Oil and Landa, middle-ranking companies such as Ranger Oil and Bow Valley (a British Gas subsidiary), and a large number of small entrepreneurial explorers such as Edinburgh-based Cairn Energy and Sweden's Taurus Petroleum. Three international US oil companies were represented by their UK affiliates.

Other companies said by Cuban officials to be "seriously interested" include Pan-Canadian Petroleum and New Zealand's Fletcher Challenge. Total, Braspetro, Taurus Petroleum, and Canada North-West Energy, have already obtained bids during previous bilateral negotiations.

The presence of a representative from the DIT's offshore supplies division at the presentation indicates UK government recognition that Britain could eventually obtain some of this business.

The authors are partners in SERIS (Sheffield Energy and Resources Information Services).

THE RISING tension between Russia and Ukraine, by far the largest of the former Soviet states, has been further exacerbated by a bitter row over the payment for and supply of gas.

The Russian state gas corporation Gazprom has alleged lack of payment of \$400bn (as of Feb 18) for gas supplied since last year - a non-payment which, according to Mr Rem Vyakhirev, Gazprom's chairman, has left the company without sufficient funds to meet staff wages.

It has threatened to cut off supplies, which would be a serious not just for Ukraine but for the European countries - especially Germany - that are highly dependent on Soviet gas. Mr Vyakhirev, quoted by the Interfax news agency, said over the weekend that the gas has been supplied in full, but that it will continue - though the gas pipeline through Ukraine is highly vulnerable and Ukraine has in the past taken the gas it has needed from it while it was in transit to third countries.

More than 90 per cent of gas exported outside the former Soviet borders passes through Ukraine.

The two sides have been talking about a new price for gas, but have been unable to agree. Russia has said it wants to switch immediately to world market levels (about \$55 per 1,000 cu metres), but Ukraine has pleaded inability to pay. It has also realised by saying that it will charge world level transit fees for the gas crossing its territory.

The battle between the two former Soviet states is shaping up to be more serious than that which drove them apart last year - since both are now suffering from increasingly harsh economic climates and have little room to compromise.

Major oil companies present included Statoil, Shell, OMV (Austria), Elf, Total, Nippon Oil and Landa, middle-ranking companies such as Ranger Oil and Bow Valley (a British Gas subsidiary), and a large number of small entrepreneurial explorers such as Edinburgh-based Cairn Energy and Sweden's Taurus Petroleum. Three international US oil companies were represented by their UK affiliates.

Other companies said by Cuban officials to be "seriously interested" include Pan-Canadian Petroleum and New Zealand's Fletcher Challenge. Total, Braspetro, Taurus Petroleum, and Canada North-West Energy, have already obtained bids during previous bilateral negotiations.

The presence of a representative from the DIT's offshore supplies division at the presentation indicates UK government recognition that Britain could eventually obtain some of this business.

The authors are partners in SERIS (Sheffield Energy and Resources Information Services).

Clinton's tax plan will sap energy of aluminium sector

By Laurie Morse in Chicago

PRESIDENT CLINTON'S proposed energy tax is bound to hit US aluminium producers, but the effect will be gradual and not severe enough to shut down capacity analysts say.

Mr Clinton's proposal for a broad-based energy tax immediately drew attention to the aluminium industry, which is North America's largest industrial user of electricity. A Prudential Securities analysis puts energy at 28 per cent of the average US aluminium production cost.

However, North America's aluminium producers are diversified both geographically and in terms of their energy sources, so the impact of the energy tax will vary from company to company. The president has proposed to tax energy on the basis of heat content, measured in British Thermal Units. The tax would be phased in gradually over three years.

Coal, the most widely used fuel in US aluminium smelters, would face the same levy as natural gas, at 25.7 cents per million BTUs, and crude oil

would be taxed at a rate of 59.9 cents per million BTUs. Hydro-electric power, the energy source of choice in most western US smelters, would not be subject to the new tax.

The structure of the tax has left securities analysts puzzling over the proposal's effect on metals companies' earnings. Reynolds metals, for example, operates its smelters mainly on hydro power. Alcoa, the largest US aluminium producer, smelted 600,000 tonnes of last year's L2m tonne US production using coal. However, that coal was taken from Alcoa's own mines and used in its own power generators, an arrangement that is likely to avoid the tax. The balance of Alcoa's production was fired by hydro-power.

Amx, another large US producer, has a less diversified energy mix, and is expected to be hit harder.

Mr Valid Fathi, metals analyst with Kemper Securities, said that while the energy tax on average could raise aluminium production costs by 2 per cent by 1996, US-produced aluminium would still be cheaper than its European counterparts.

"The spread will still be in favour of North America. Even with the energy tax, European costs are significantly higher," Mr Fathi said.

Canada and South America would continue to be the world's lowest-cost aluminium producers and the present state of global aluminium over-capacity would make it difficult for US producers to pass on the new energy costs.

While Mr Clinton's energy tax is included in a wide-ranging plan to cut the US deficit and stimulate economic growth, it is not certain that a rise in the US growth rate would boost aluminium demand. Aluminium prices are set internationally and world demand for the metal grew by less than 2 per cent last year. Recession in Japan and in parts of Europe are expected to limit demand growth this year.

Mr J. Clarence Morrison, metals analyst at Prudential Securities, says the global supply-demand situation for aluminium is so dismal that the energy tax will have little or no impact on the worldwide industry, and only selective impact on individual aluminium producers.

WORLD COMMODITIES PRICES

MARKET REPORT

SILVER set a life-of-contract low at 355 cents a troy ounce on Comex in early trading after speculative selling by commodity funds. Comex warehouse silver stocks were up 2m ounces at 272m ounces. Further support was pegged at 350 and then 340 cents. "Silver is actually looking quite interesting now. It's quite healthy to have a shake-out now and again and should encourage the buyers to emerge at these lower levels," one London dealer said. New York arabica COFFEE futures were bolstered in early trading by low delivery notices against the March

contract. London COCOA futures edged higher as international cocoa agreement talks got under way in Geneva (see above). The market could be poised to make another attempt to breach key resistance around £745 for the May contract. Trading in LME BASE METALS was dull, with light downside pressure in all markets barring ZINC. There is little in the way of news to fan interest in the market at present, while physical activity remains fairly low key.

Compiled from Reuters

London Markets

SPOT MARKETS		
Credit oil (per barrel FOB/AFR)	+ or -	
Dubai	\$18.20-4.50	+0.26
Brent Blend (dated)	\$18.60-4.50	+0.30
Brent Blend (Apr)	\$18.57-4.61	+0.34
WTI (1st pm est)	\$20.15-0.30	+0.35
Oil products		
DNV prompt delivery per tonne CIF	+ or -	
Prudential Gasoline	\$18.00-1.04	+2
Gas Oil	\$17.50-1.76	+6
Heavy Fuel Oil	\$17.75	+1
Naphtha	\$17.75-1.74	+3
Petroleum Argus Estimates		
Other	+ or -	
Gold (per troy oz)	\$330.75	+0.80
Silver (per troy oz)	\$355.00	-4.5
Platinum (per troy oz)	\$348.50	-10.75
Palladium (per troy oz)	\$101.10	-7.9
Copper (US Producer)	104.00	
Lead (US Producer)	28.50	
Tin (Kuala Lumpur market)	142.01	-0.08
Tin (New York)	289.00	-1.5
Zinc (US Prime Western)	185.00	
Cash (live weight)	125.50	+2.60
Sheep (live weight)	111.30	+0.54
Pigs (live weight)	84.30	+0.85
London daily sugar (raw)	323.00	
London daily sugar (white)	328.50	-2.5
Tall and Lyle export price	328.50	
Barley (English hard)	210.00	
Maize (US No. 3 yellow)	218.00	
Wheat (US Dark Northern)	214.00	
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		
Rubber (Aug)		
Rubber (Sep)		
Rubber (Oct)		
Rubber (Nov)		
Rubber (Dec)		
Rubber (Jan)		
Rubber (Feb)		
Rubber (Mar)		
Rubber (Apr)		
Rubber (May)		
Rubber (Jun)		
Rubber (Jul)		

Bob Rae, provincial premier since 1990, has had some bruising battles: Page 2

ONTARIO

Tuesday February 23 1993

'Reduce, re-use, re-cycle' — environmental policy drives forward at a gallop: Page 4

NASTY WINTERS aside, the 10m inhabitants of the Canadian province of Ontario enjoy a lifestyle which people in most other parts of the world can only dream of.

Generous social security, free medical care of the highest quality, an ultra-modern telephone service, superb public transport, a low crime rate... such are the benefits of living in Canada's industrial heartland — the wedge of North America squeezed between the Great Lakes and Hudson Bay.

High living standards have given Ontario the luxury of breaking new ground in public policy. It is a pioneer in pay-equity, which seeks to provide equal rewards to men and women for work of equal value. An Environmental Bill of Rights, now under discussion, would give the public a degree of power over polluters which is matched by few — if any — other national or regional governments.

Ontario even copes well with its frigid winters. Office workers and shoppers in central Toronto can stroll warmly through miles of underground malls. The Rideau Canal in Ottawa becomes a five-mile skating rink for commuters and tourists between January and March.

And yet, for all its attractions and its leading-edge policies, Ontario is not a happy place these days. Far from feeling comfortable, the province is struggling to come to grips with some harsh realities.

The problem is summed up by Mr Peter Barnes, the province's most senior civil servant, who is spearheading an overhaul of the industry and trade ministry. "Ontario has had a very easy time of it since 1945: it was a complacent place. Now, we're having to run to catch up."

Ontario has traditionally been the object of envy and resentment among Canadians in other parts of the country. Contributing 40 per cent of the country's output, it is the Canadian base for Detroit's Big Three carmakers and the hub of Canada's steel industry.



Toronto, Ontario's capital, is an important financial centre in North America: It has Canada's principal stock exchange, the head offices of five of the six biggest banks, and several dozen foreign banks. Picture: FT/Dyn Cam

Running to catch up with reality

Living standards remain high, but Ontarians have had to adapt to less comfortable circumstances since recession hit the province

Ontario has drawn far more foreign investment than any of the other nine provinces — including all but one of the Asian car plants in Canada.

Toronto, the provincial capital, is Canada's financial centre; site of the country's principal stock exchange, the head offices of five of the six biggest banks, and several dozen foreign banks.

Mining and forestry have been the backbone of many smaller Ontario communities. A large chunk of the world's nickel is mined in Sudbury, north of Toronto. Gold and zinc, among other minerals, are found in abundance. But many of the industries and resources which for years seemed to give Ontario a competitive edge have lately turned out to be a millstone.

No region of Canada (and few anywhere else) enjoyed

stronger economic expansion in the early and mid-1980s. Real growth soared at an annual rate of 6 per cent between 1983 and 1988. But Ontario's "rust-belt", its service and resource industries have also been hit hardest by the recession. The economy contracted in 1990 and 1991 and barely grew last year.

Dofasco and Stelco, the pillars of the province's steel industry, have racked up combined losses of C\$1.4bn in the past three years. Toronto's office vacancy rate of almost 25 per cent is about five points above the national average.

Slumping prices have devastated low-grade uranium producers, and forced cutbacks by

Inco and Falconbridge, the two nickel mining companies. Similarly, falling demand and stiffening competition have doomed old and inefficient newsprint mills. Ontario's structural weaknesses have been further exposed by the 1989 US-Canada free trade agreement and the trend among North American companies to integrate their US and Canadian operations.

Investors increasingly compare Ontario not with other provinces in Canada, but with the states south of the Canadian border. While they may appreciate Ontario's skilled labour force and its low health-care costs, their enthusiasm for doing business in the prov-

ince is dampened by high taxes, ever-tightening environmental and workplace rules, and soaring electricity costs.

The investment climate has not been helped by a spend-thrift Liberal government, which held office from 1985 to 1990, nor by its more left-wing New Democratic Party (NDP) successor, which surprised everyone (including itself) by winning a snap election in September 1990.

Despite the surge in economic growth, the Liberals ran a hefty budget deficit in all but one of their years in office. The recession's squeeze on tax revenues pushed up the deficit from C\$3bn in the year to March 1991, to almost C\$11bn

in each of the last two years. The debt burden has soared to the point where the province of Ontario has recently had the dubious distinction of being among the Eurozone's four biggest borrowers.

The present government, backed by labour and social activist groups, has done little to brighten the business mood in its first two years in office. Some NDP ministers, drawn from the ranks of organised labour or special-interest groups, have either been out of their depth or ideologically antagonistic to management concerns.

"There's a lack of understanding of what government costs do to make industry

uncompetitive," says Mr Richard Sexton, president of ED Smith, an Ontario-based food processor which recently hedged its bets by acquiring a company in Mississippi.

The NDP government proposed — and then backed away from — a government-run car insurance scheme. But other contentious insurance reforms are still on the table. For instance, in the interests of gender equality, insurers will be compelled to quote the same premiums to young male and female drivers, despite the wide disparity in risk.

Mr Bob Rae, the provincial premier, has unsettled prospective investors with his strong opposition both to the 1989 US-Canada free trade agreement and to the North American pact, including Mexico, which the federal government would like to implement in January

1994. The NDP has so far ignored pleas from business to harmonise the province's sales tax with the federal government's politically unpopular Goods and Services Tax.

The business community is especially angered by a new labour law which gives more muscle to trade unions.

Among other things, the law known as Bill 40 bans the use of "replacement" workers during strikes or lockouts. In these days of just-in-time delivery, the ban means that a work stoppage at a small components supplier could bring General Motors' or Ford's assembly lines to a halt.

On the brighter side, the deepening fiscal mess and the loss of jobs appear to have had a sobering effect on Mr Rae and some of his colleagues. "There's no question that necessity is the mother of invention," Mr Rae said in a recent interview. "It's given us a tough framework in which to respond."

To its credit, the NDP government has begun to crack down on ballooning health-care costs, which make up about a third of the total provincial budget. A decision to delay a C\$1bn pay-equity plan for the provincial civil service files in the face of the NDP's traditional priorities. Mr Rae has given notice of plans to overhaul welfare programmes, another costly budget item, linking them more closely with job training.

Meanwhile, new brooms are starting to sweep through Ontario Hydro, the beleaguered power utility, and the trade and industry ministry, responsible for attracting new investment to the province.

These signs of a shift from ideology to reality at Queen's Park, the seat of government in Toronto, have yet to translate into an improved climate among the business community or the public at large. An accelerating economy should give the province a lift this year and next. But several years of disciplined and far-sighted government are also required if Ontario is fully to recover its reputation.

Bernard Simon

The ranks of banks seem a little crowded, writes Theresa Byrne

Stock exchange seeks more local investors

TORONTO has not only overtaken Montreal as Canada's financial centre, but is now home to almost all the biggest organisations in the financial services industry. The city has also attracted

about 50 Canadian subsidiaries of foreign banks, together with a growing number of North American, European and Japanese investment managers, and a long list of foreign-controlled insurance

companies. The Toronto Stock Exchange (TSE) accounts for more than three-quarters of the value of shares traded on Canada's five exchanges. But the liveliness of the TSE trading floor will soon be his-

tory. The floor will be converted into offices when the TSE completes its transition to a fully-automated trading system, next January. The exchange will then take its place among the "most sophisticated trading systems in the world," according to Mr Pearce Bunting, its president.

The transition to a fully-automated floor has not been without problems. The project was originally scheduled to be completed in early 1992. The deadline was moved to the end of this year, then to early 1994. The delays have arisen partly to give the TSE time to respond to suggestions made by members.

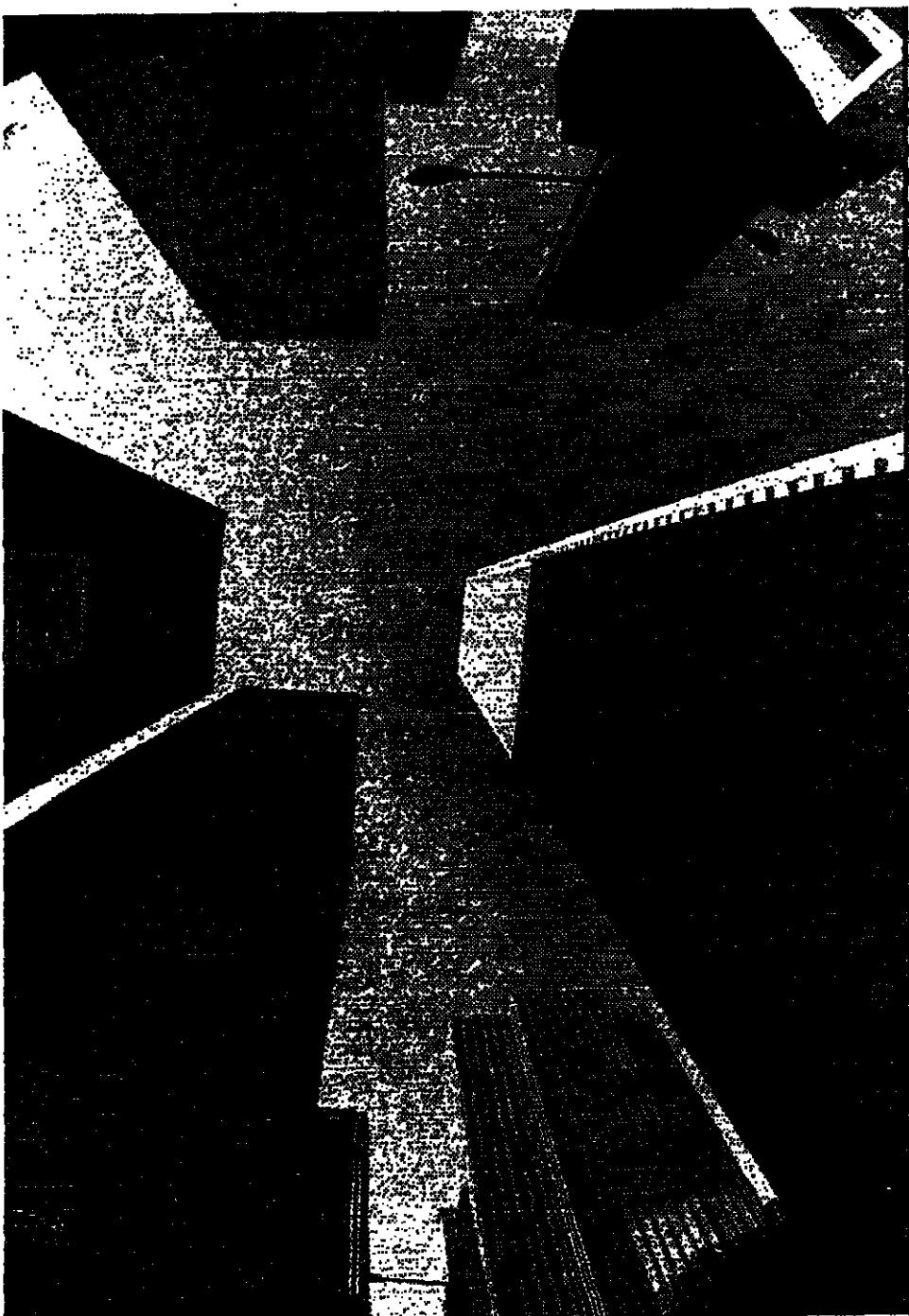
Reliability is also an important concern. The TSE is anxious to avoid a repetition of the criticism levelled at it last spring when problems with new software closed the floor for four hours.

In 1992, the TSE traded 7.3bn shares, up 25.5 per cent from 1991. The value of shares traded last year was C\$76.2bn.

Automation will lower the cost of a seat on the Toronto Stock Exchange

up 12.4 percent. Preliminary figures show that trading on all Canadian exchanges rose 12.9 per cent to C\$101.8bn in 1992. Upgrading the trading system has been a high — and sometimes controversial — priority for Mr Bunting since he took over as TSE president in 1977. A Computer Assisted Trading System, known as Cats, was installed when the exchange moved to its current quarters in First Canadian Place in 1983. (The Cats system was sold to exchanges in Brussels, Paris and Madrid.)

The prospect of automation has dramatically lowered the cost of a seat on the TSE. Previously, a seat entitled a member to only 6 traders. So the more traders a firm wanted, the more seats it required. But the disappearance of the trading floor means that each member will need only one. Seats changed hands at a peak of about C\$370,000 in 1988, but the price has now tumbled to



Toronto's financial services industry is housed in office blocks zooming skyward. Picture: FT/Dyn Cam

Leadership in Cross-Border Financing

U.S. \$3,000,000,000 Province of Ontario (Canada) 7.38% Bonds due January 27, 2002	U.S. \$2,000,000,000 Province of Ontario (Canada) 8.75% Bonds due October 1, 1997	U.S. \$125,000,000 Tock Corporation 8.75% Debentures due May 1, 2002	U.S. \$175,000,000 Clark Oil & Refining Corporation 9.125% Senior Notes due September 15, 2004
U.S. \$200,000,000 Laidlaw Inc. 7.75% Debentures due August 15, 2002	U.S. \$250,000,000 Canadian Pacific Limited 8.875% Debentures due June 1, 2002	U.S. \$200,000,000 Noranda Inc. 8.875% Debentures due July 15, 2002	5,000,000 Shares ECHO BAY MINES Echo Bay Finance Corp. \$1.75 Series A Convertible Preferred Stock due October 1, 2002
U.S. \$225,000,000 Canadian Pacific Financial Products Limited 8.125% Debentures due 2002	U.S. \$200,000,000 NOVA NOVA Corporation of Alberta \$125,000,000 7.75% Notes due December 15, 2002 \$75,000,000 8.125% Debentures due December 15, 2002	U.S. \$200,000,000 Bell Canada 7.34% Debentures, Series B, due April 1, 2002	U.S. \$300,000,000 nt Northern Telecom Limited 8.75% Notes due 2002
C \$2,000,000,000 Ontario Hydro 9% Canadian Dollar Bonds due June 24, 2002 Issuance and sale of proceeds authorized by the Province of Ontario (Ont)	C \$1,600,000,000 Ontario Hydro 9.56% Canadian Dollar Bonds due February 1, 2002 Issuance and sale of proceeds authorized by the Province of Ontario (Ont)	3,760,000 Shares CAMEL Rogers Camel Mobile Communications Inc. Class B Subordinated Voting Shares	U.S. \$300,000,000 Amoco Canada Petroleum Company Ltd. 7.875% Convertible Debentures due October 1, 2002 Issuance and sale of proceeds authorized by Amoco Corporation and Amoco Company

In the past 12 months, Goldman Sachs has lead managed 17 transactions totaling over U.S. \$10 billion.

Goldman Sachs

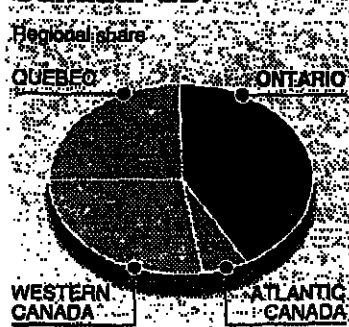
LONDON NEW YORK TOKYO FRANKFURT HONG KONG MADRID MIAMI MONTECARLO PARIS SINGAPORE SYDNEY TAIPEI TORONTO ZURICH

Representative offices
do not constitute financial institutions or members of SIF

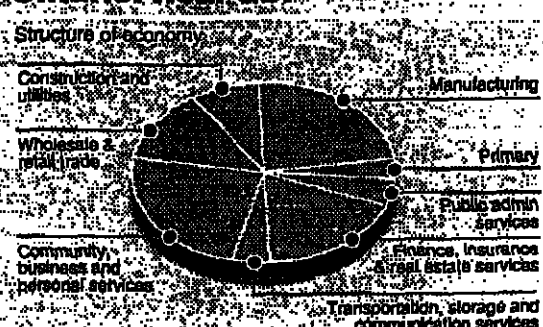
continued on Page 2

ONTARIO 2

Canada's GDP



Ontario's Real GDP



Bernard Simon meets the provincial premier

Likeable firefighter

MENTION the name Bob Rae to almost anyone in Ontario, from taxi drivers to business leaders, and the response is unlikely to be flattering.

The taxi driver will probably give a short of disgust. The business leader will wonder aloud how such a likeable, intelligent man could preside over such a mess.

Mr Rae readily acknowledges that times have been tough since he took over as provincial premier after the New Democratic Party's surprise election win in Sept 1990. But he also insists that criticism of his social-democratic government is exaggerated.

In dealing with the province's business community, Mr

Rae says: "I find a dramatic contrast between the rhetoric levels that I see in the newspapers and hear in public speeches, and what people say to me in person."

He ticks off several initiatives taken by his government which have benefited business. Corporate income tax rates have gone down. Donations to universities for research and development are now tax deductible.

The government is shaking up the provincial ministry of trade and industry to provide better service for both local and foreign investors. In particular, Mr Rae cites his government's strenuous efforts to contain the health-care budget,

which makes up almost a third of total government spending. The health ministry's outlays for the year to March 31, 1993 are expected to be about \$3.5bn less than the \$3.7bn projected in last April's budget.

Bob Rae's background hardly fits the picture of a left-wing ideologue painted by his political opponents and by many in the province's business community.

A boyish-looking 44 years old, his father was a senior Canadian diplomat, and he was educated at private schools in Ottawa, Washington and Geneva before winning a Rhodes scholarship to Balliol College at Oxford.

Many outsiders consider him



Bob Rae: he acknowledges that times have been tough

among the more pragmatic members of the NDP government. But whether through inexperience or commitment to the party's backbone of trade unions and social activists, the premier has found himself in one firefight after another with business.

The most bruising battle has been over a new labour law, which among other things, forbids companies from hiring replacement workers during a strike. The government has also clashed with business over plans to reform the motor-vehicle insurance system, the travails of Ontario Hydro, environmental policy and the North American free trade agreement.

Ms Susan Murray, a lobbyist for several business groups, says that Mr Rae and his NDP colleagues have been chastened by these battles. "We're finding them very different to deal with now than a year ago," Ms Murray says. "They're now not only looking for solutions on the economic side, but also looking for investment."

She says that the government is increasingly seeking advice from business leaders.

Ms Lyn Macleod, leader of the opposition Liberal party, is less charitable. Ms Macleod still detects "a profound distrust" of the private sector in government circles.

While she acknowledges Mr



Rae's efforts in containing health-care costs, she notes that spending is increasingly being directed towards the non-profit sector and away from business interests, such as privately-run medical laboratories, retirement homes and child-care centres.

Mr Rae emphasises the

importance of "partnerships" between business and government in such fields as worker training.

Asked whether tax increases are likely to feature in the forthcoming provincial budget, he says that "I don't want to see anything done in the budget which is going to create

competitive difficulties for Canadian business."

But Bob Rae will be judged by deeds rather than words. Despite some signs of thaw in government-business relations, Ontario's captains of commerce and industry have to be convinced that the NDP is out to help rather than hinder.

Stock exchange will introduce third index

continued from Page 1

roughly \$350,000. A growing number of smaller "niche" firms is joining the TSE, Mr Bunting says.

The Canadian Broadcasting Corporation's pension fund became the exchange's first (and so far, only) institutional member late last year when it purchased a seat on the exchange.

Mr Jerome Laplante, manager of the CBC pension fund, said that lower membership fees and the opportunity to save on brokerage commission were considerations in the decision to obtain a TSE seat.

The TSE hopes to improve its appeal to investors with the introduction of a third, medium-level index, to be composed largely of the 100 stocks with the biggest market value.

Currently, the TSE's performance is measured by its TSE 300 and the more broadly-based TSE 300 composite index of stocks. Mr Gordon Walker, director of derivative marketing, calls the TSE 300 the "index of investor sentiment," or a Canadian version of the Dow Jones index on Wall Street.

But the TSE 300 includes many stocks which are not traded by the larger institutions. The new TSE 100 will more closely reflect what money managers in Canada

are buying and selling, Mr Walker says.

Efforts to reach smaller investors include a "mini-exchange" at a financial trade show held in Toronto each February. Newcomers to the market can buy or sell up to 100 shares of a select group of stocks at a fraction of the regular brokerage fees. At last year's "mini-exchange", members of the public traded a record \$2.9m in the 10 shares on offer.

Instead of trying to compete with other North American exchanges for international capital flows, the TSE is focusing most of its attention on Canadian investors. "Our general view at the moment is to concentrate our marketing on our existing products and try to improve their liquidity," says Mr Bunting.

Foreign financial institutions have taken a higher profile in the Toronto securities market through their purchase of stakes in local firms. Deutsche Bank, SG Warburg, James Capel and Sanwa Bank are among those which have joined forces with Canadian firms over the past five years. Mr Patrick Mars, president of Bunting Warburg, in which SG Warburg has a 50 per cent stake, says that the link with a well-known international money manager has broadened his firm's base. It has enabled

the firm to expand its activity in the primary financing area, managing a number of issues. Moreover, Mr Mars says that the alliance has given the Canadian dealer greater access to research worldwide, and improved its ability to advise Canadians on investing overseas.

Many other financial institutions have not found life in Toronto so rewarding. Some foreign-owned banks which set up operations following the deregulation of the 1980s are struggling in the face of an unexpectedly fierce competitive environment.

"The Canadian market is pretty over-banked as it is," says Laurence Booth, professor of finance at the University of Toronto. "The (foreign banks) that are in trouble are the ones which haven't got a focus."

Insurance companies in Ontario worry about additional costs which would follow the implementation of proposed auto insurance reforms in Bill 164. Under the new rules, the provincial government has projected a 4 per cent rise in costs which, among other things, would expand accident victims' ability to sue for pain and suffering. But an Insurance Bureau of Canada study predicts that costs could rise by between 12 and 15 per cent.



The Flatiron building squats below the Royal Bank in Toronto's financial district, a cityscape dominated by the spectacular CN Tower

Picture: Ontario Government Office

Dissatisfaction has driven some companies south of the Canadian border, writes Bernard Simon, but others are doing fine

Businesses back off

SOME BUSINESSES are so disenchanted with Ontario that they have moved their factories, stock and barrel elsewhere. Invariably to the US or Mexico. Tridon, a Canadian-owned maker of motor vehicle indicators, windshield wipers and hose clamps, closed its Ontario operations in mid-1991 with the loss of over 600 jobs. The same items are now produced at three plants near Nashville, Tennessee.

Lawson Mardon, the packaging group controlled by Cragg and Partners of Italy, put up the shutters at its detergent carton factory on the outskirts of Toronto last year at the same time as it started producing the same items at a new plant in Syracuse, New York. The mining industry, a backbone of many rural communities, is especially unhappy.

American Barrick, the gold producer whose head office is in Toronto, is not spending a penny on exploration in Ontario (or any other part of Canada) this year. Citing low returns on investment and Ontario's recent labour law, Mr Bob Smith, Barrick's president, asks rhetorically: "Where the hell would you put your money?" Barrick is now focusing its efforts on the US, Mexico and Chile.

Ms Martha Hoffman, project manager at the Western New York Economic Development Corp in Buffalo, estimates that 200-300 Canadian companies have set up operations in that part of New York state since the mid-1980s. According to Ms Hoffman, the gap between costs in Ontario and New York is not as wide as it is often perceived to be. But incentives

offered by US agencies - such as extended property tax concessions and low financing rates - are more generous than those available in Canada.

The expectation of wider access to the US market is the clincher for many companies. "By being here, they feel they have a better chance of penetrating it than they do from Canada," Ms Hoffman says.

Tridon's move to Tennessee is typical of the manufacturers which have headed south. Mr Murray Kingsburgh, executive vice-president of Devtek, Tridon's controlling shareholder, says the impetus came from competitors in the northern US, which were moving to the southern states and Mexico in search of lower costs, especially labour. "We knew it had to be done to remain competi-

tive," Mr Kingsburgh says. The move was driven entirely by a comparison of costs. He specifically mentions high wages and taxes in Ontario. Neither the old nor the new workforces was unionised.

With trade barriers crumbling between the US and Canada, Ontario faces the challenge of proving to investors that it is the best base for serving not only Canada's industrial heartland but also a wide swath of north-east North America.

Lawson Mardon's new carton plant in Syracuse, for instance, supplies both the US and Canadian markets. Customers south of the border, such as Procter & Gamble, Colgate and Unilever, encouraged the company to move as stiffening competition from US suppliers cut into Lawson's market share.

THE MOANS and groans about doing business in Ontario have not discouraged some foreign companies from investing in the province - and expressing satisfaction with the results.

Chrysler's mini-van plant in Windsor and its car assembly line in Bramalea, north-west of Toronto, contribute about a third of the company's total North American output, a much higher proportion than General Motors' or Ford's Canadian operations.

Chrysler chose the Bramalea factory to build its new LH mid-sized car. In contrast to the cuts being made by other motor manufacturers, Mr Yves Landry, president of Chrysler Canada, said recently that the future of 3,000 workers at the Bramalea plant "looks bright indeed." The factory, which

turned out 260,000 vehicles in 1992, added a second shift last December.

Toronto is home to the only restaurants in North America owned by Movenpick, the German-Swiss chain.

Movenpick's newest outlet, in the atrium of one of the city's office towers, has been a spectacular success since it opened last year. The self-service restaurant, which has the feel of a bustling marketplace, serves 3,500 to 4,000 people a day, each of whom spends an average of \$10.

Mr Johannes Karbach, Movenpick's operations director, says Toronto's big advantage is its cosmopolitan population. "We're not only fighting for people who have roast beef and mashed potato," he says.

But the return on Moven-

pick's \$7m investment is still razor-thin. According to Mr Karbach, food and other basic supplies are competitively priced, but Movenpick has difficulty passing on steep increases in electricity rates and municipal services.

Lear Seating, a US-owned car seat manufacturer, is currently building its fourth factory in Oakville, on the outskirts of Toronto.

The site was chosen mainly because of its proximity to a Ford assembly line, which will be its main customer. But Lear did look just across the border, around Buffalo, New York, before settling on Oakville. Besides the location, a company official says, Lear was attracted by an abundance of semi-skilled labour. He adds that government agencies were

"very receptive" and worked closely with Lear to smooth the way for construction of the 80,000 sq ft factory.

The Ontario government is becoming much more aggressive in fighting for new investment, according to Mr Peter Barnes, deputy minister for trade and industry. "The Japanese have learnt the value of stamina, we have to learn it too," says Mr Barnes, as he reels off details of his ministry's new "customer-oriented" approach to investors.

Mr Barnes also says that Ontario's drawbacks include political and economic stability, the quality of life and a productive workforce. European firms, in particular, appreciate that Toronto has a more cosmopolitan ambience than most parts of the US.

Araminta Wordsworth reviews Ontario's increasingly successful wine industry

Drink to me also with thy skills

About two-thirds of this was white wine, reflecting consumers' preference for lighter drinks.

Ontario's climate - "Algerian summers and Siberian winters," says veteran winemaker Paul Bosc of Chateau des Chenes - and wine-makers' technique come together in icewine. This rare and expensive wine is one of the province's specialties, winning prizes at international competitions such as Bordeaux's VinExpo. To make it, the grapes are left on the vines after harvest time, and the semi-dried fruit is picked only when the temperature drops below minus 7C, usually just after Christmas. It is pressed while still frozen. The

result is a powerful essence of wine, concentrated but not over-sweet despite its high residual sugar.

Last November, in a pre-Christmas promotion, the Liquor Control Board of Ontario released icewines from 15 wineries. More than half the 2,500 cases on offer have been sold, reports Chris Layton, spokesman for the Liquor Control Board of Ontario, the monopoly that sells and distributes wine in the province. Icewines, he says, are "moving up quite well" given the recession and the high prices (about \$35 to \$50 a half-bottle). Robert Joseph, editor of Britain's influential Wine magazine, says Canadians have overtaken the

Germans as masters of icewine-making because of their attention to detail. "When you make sweet wines, wine-making skills pay off. The character of the grapes is less important."

Such skills are also in evidence in other Ontario wines. "Canadians are producing more and more handcrafted wines," Robert Joseph says. But because Ontario winemakers recognise the limitations of their climate, which is something like Germany's (only more extreme), they are concentrating on white wines, crafting Rieslings and Chardonnays which have drinkers coming back for more. The problem now is to establish a distinctive char-

acter to the wines - between the fat, buttery taste associated with California wines and the steel of French Chablis.

Jean-Laurent Groux, the French-trained winemaker at Hillebrand Estates Winery, in the Niagara Peninsula, is proud to describe his Chardonnays as "Canadian," with subtle essences of citrus and pear. He is also producing impressive red wines, part of Hillebrand's Tris line of vineyard-designated Cabernets and Chardonnays.

Ontario winemakers' credibility has been strengthened by the Vintners Quality Association (VQA), a programme run with the provincial government. Mr Don Ziraldo, a co-founder of Inniskillin, dreamed

up the idea in the mid-1980s. His original idea was for an alliance of small producers who would concentrate on top quality wines. It has now been expanded to cover Ontario's three main winegrowing areas. Modelled on the French *appellation controlee* system, the VQA has established strict criteria for certifying a wine. Most important, wines must be made from varietal or hybrid grapes - eliminating labruscas, which give Ontario wines their much maligned, foxy taste.

Sales of VQA wines rose by 72 per cent in the year ending September 1992: 474,000 litres, up from 276,000 litres the previous year, according to the Canadian Wine Institute. This helped to increase Ontario wines' market share to 42 per cent - after years of losing ground to imports.

Inniskillin is represented in Britain by Avey's of Bristol, and Hillebrand is distributed through London-based wine merchants Corney & Barrow, which sells its barrel-aged Chardonnay and Brule blanc.

TWENTY years ago, the British wine expert Hugh Johnson pronounced Ontario wines barely palatable. Today he would have to drink his words.

Small, quality-driven wineries and shrewd marketing have put Ontario wines on the map. Now the province's big three - T.G. Bosc & Co Ltd, Carter Wines & Beverages Corp and Andrew Wines Ltd - are joining them, emphasising vinifera or hybrid vines rather than bulk table wines. Today there are more than 20 wineries in the Niagara Peninsula, a short drive from the famous falls. Others are to be found on the north shore of nearby Lake Erie and Pelee Island.

They include Inniskillin Wines Inc (now part of Carter) which pioneered the "boutique" trend in 1976; Hillebrand Winery Estates; Cave Spring Cellars Ltd; Stonechurch Vineyards and Reli Winery Inc. In the 12 months to November 1992, Ontario produced 2.3m cases of wine, up from just over two million cases a year earlier.

When your focus is North America, set your sights on Ontario, Canada.



BOB RAE,
Premier of Ontario, Canada

"Industries from around the world feel at home in Ontario. Multi-national companies that locate here benefit from the skills and individual commitment of a well-trained, well-educated work force. They are supported by an infrastructure of financial, communications, transport and social services among the best you'll find anywhere in North America. And they are encouraged in their endeavours by a government that believes partnership with business and industry is the way to get things done."

"For corporate and individual investors, Ontario is not only a good place to do business, it's also a great place to live and work."

"Nearly half of the U.S. consumer market - worth US\$1500 billion - and more than half of the industrial market is within one day's drive of Southern Ontario."

"New approaches to trade in Europe, Asia/Pacific and North America have their mirror image in Ontario. Old constraints, old barriers to growth are giving way to a practical approach to the economy that emphasises strategic partnerships, and results. I urge you to learn more about Ontario, Canada. You'll find that from where we stand the future looks good."

Bob Rae
Premier of Ontario, Canada

Contact your nearest Government of Ontario office.

LONDON
Government of Ontario, Canada
Ontario House
21 Knightsbridge
London SW1X7LY
England
Tel: (071) 245-1222
Fax: (071) 259-6661

FRANKFURT
Government of Ontario, Canada
Bockenheimer Landstr. 51/53
D-6000 Frankfurt/Main
Germany
Tel: (4969) 71-9199-0
Fax: (4969) 71-9199-28

MILAN
Government of Ontario, Canada
Piazza della Repubblica #12
2nd Floor
20124 Milan
Italy
Tel: (39-2) 659-2255 &
(39-2) 659-2028
Fax: (39-2) 659-2317

PARIS
Government of Ontario, Canada
Ontario House
109 rue du Faubourg
Saint-Honoré
75008 Paris, France
Tel: (33-1) 45-63-1634
Fax: (33-1) 42-25-3839

Contact us now by phone, post or fax for information on doing business in Ontario. Our commercial counsellors are ready to answer questions on any aspect of trade, investment or business immigration.

Name: _____
Title: _____
Company: _____
Address: _____
Tel: _____ Fax: _____



Government of
Ontario, Canada

ONTARIO 4

Robert Gibbens investigates Ontario's powerhouse

Generating capacity glut

ONTARIO HYDRO, the powerhouse of Ontario's industrial might, is taking a dramatic shift in direction to cope with zero demand growth.

The utility, owned by the provincial government, has long been a North American technical leader and chief salesman for Canada's heavy-water nuclear reactors. But more recently it has had to withstand withering criticism from industry and consumers for steeply rising power rates.

Heavy cost overruns and start-up problems at its C\$1.5bn 3,600MW Darlington nuclear plant near Toronto have raised questions about its technical competence and financial management. Ontario Hydro's planners over-estimated demand growth for the 1980s. They were caught on the wrong foot when the Bank of Canada warned in 1988 it was aiming for zero-inflation even at the risk of serious recession.

The result is a glut of generating capacity expected to last through the year 2000, together with a 30 per cent three-year jump in electricity rates, caused partly by financing Darlington over a 14-year construction period without offsetting revenue.

Since 1989, during the worst recession since the 1930s, Ontario has seen power demand shrink from a 5 per cent annual average increase to an actual contraction. Far from buying more power from Ontario

Hydro, industrial consumers such as Falconbridge, the world's second biggest nickel producer, and Chrysler Canada, with proportionately more output in Canada than Ford or General Motors, want to build co-generation plants to fill their own needs at lower cost.

"Hydro's been an excellent supplier for our mine and mill, helping us to save energy, but it's done a terrible job on prices and we can generate the power ourselves at lower cost," says Mr Warren Holmes, president of Falconbridge's Kidd Creek division.

Industrial users complain that the steep rise in rates is making the recession worse and robbing Ontario of one of its key economic advantages: low-cost energy to compensate for higher labour, construction and borrowing costs, higher taxes and a cold climate. Hydro, with assets of nearly C\$50-bn, debt of about C\$36bn and total system capacity of 33,000MW, says that Darlington's technical problems are over and all four reactors should be operating

fully by summer - four years late.

Furthermore, moves to adapt operations to slow or zero load-growth are now being speeded up. Mr Maurice Strong, former business executive and organizer of the 1991 United Nations Earth Summit in Rio, took over as chairman late last year, just as the utility was caught in the eye of a political storm over its rates. Mr Strong

A discussion paper will open the issues of privatisation and supply monopoly to public debate

admits Ontario Hydro is "in crisis", but says it is moving swiftly to put its financial house in order. "In a few years we could be looking back to 1982-83 as the key transition point."

The utility has scrapped its demand forecasts, cut capital spending and trimmed its manpower. It is working on an overall cost-cutting programme. Mr Strong promises that rate rises will be reined in

to current inflation or less, and that ways will be found to ease the C\$3.5bn annual interest burden. A C\$2bn refurbishing of the Bruce A nuclear plant is being reviewed, and some fossil-fuelled capacity is being mothballed.

A C\$1.3bn multi-year power purchase agreement with Manitoba Hydro has been cancelled - and with it a large Western hydro-electric project. The utility is trying to reduce its long-term uncommitted costs.

A discussion paper will soon open the issues of privatisation and supply monopoly to public debate. Britain's experience is being closely watched. But the present social-democratic Government says it is not ready to support privatisation. Private-sector co-generation projects, where surplus power would be sold to Ontario Hydro, have been frozen, while industry and municipal projects are considered.

For the first nine months of 1993, Ontario Hydro's revenues were C\$5.59bn - up 7 per cent, mainly because of higher rates. Sales of electricity were stagnant.

Operating costs rose modestly, but financing charges were sharply up. Final net profit was C\$205m against C\$121m.

The utility borrowed heavily in domestic and international markets in 1992, partly for refinancing at lower rates. Net new borrowing was about C\$2bn (it will decline in 1993 to about C\$1.4bn). With Darlington on full stream, and existing coal and oil-fired and hydro capacity, the nuclear component would meet 60 per cent of present demand.

Mr Allan Kupcis, the president, says that going ahead with 50 private power projects would only put upward pressure on rates, because of the heavy cost of closing equivalent Ontario Hydro capacity. "We must hold the line on current rates, and urgently rethink our cost structure. I mean a major culture change. We're working frantically to change direction."

He says the utility is suffering from the legacy of Darlington and poor timing on investments in new plant. "But surplus generating capacity, after providing the normal reserve, is about 2,000MW - quickly absorbed with new economic growth. I don't have any mega-projects in view."

Capital spending is now running at about C\$2.5bn a year. The focus is turning to refurbishing and upgrading the transmission and distribution system.



Pickering nuclear generating station Ontario Hydro

'Reduce, re-use, recycle' are the watchwords

Green with controversy

WORKERS AT the Ontario environment ministry in Toronto are required to sort their litter into four separate containers. Three are for recyclable materials: newspapers, other kinds of paper and aluminium soft-drink cans. What-ever is left goes into the "normal" rubbish bin.

There is a snag. In the ministry's zeal to cut down disposable waste, the bin issued to each office is only the size of an indoor flower pot.

The "three R's" - reduce, re-use, recycle - are the driving forces of Ontario's environmental policies. The province has gained a reputation as one of the world's "greenest" jurisdictions.

The environment ministry makes the educated guess that more than four in every five households in the province take part in a "blue box" programme in which newspapers, cans, plastic and other recyclable materials are separated from other garbage. What is more, about 20 per cent of homes have composters in their backyards for organic waste. The ministry claims that the province now recycles more than half its newspaper and wood wastes, 40 per cent of corrugated cardboard and a third of container glass.

The volume of garbage shipped to landfill sites is estimated to be between 20-25 per cent per person lower now than it was in 1987 (although it is not clear how much is caused by environmental awareness, how much by recession). Many programmes are voluntary and enforcement is still spotty, but the variety of carrots and sticks used to raise standards and tighten enforcement against polluters is steadily growing.

Penalties for environmental crimes are being stiffened. The head of an Ontario chemicals company was sentenced to an eight-month jail term last year. A fine of C\$364,000 was levied on a man found guilty of illegally stockpiling scrap tyres.

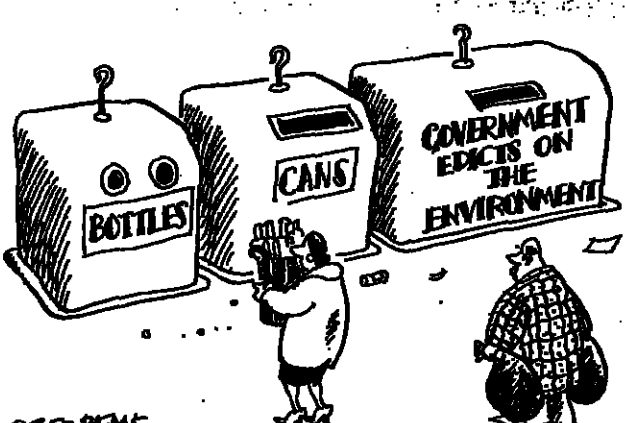
Any company or government agency involved in an environmental assessment must pay the costs of outside "intervenor" who want to testify at a public hearing, including those opposing its application. Less formally, a group of private pilots volunteer, as part of their flying practice, to report obvious signs of pollution around the province - such as an unfamiliar plume of smoke or a dirty slick in a river.

But being in the vanguard of environmental policy inevitably brings controversy.

Toronto municipal leaders are furious at the NDP government's decision to veto the city's plans to transport its garbage by rail to a disused mine in a remote part of northern



Niagara Falls: Ontario has a reputation as one of the world's "greenest" jurisdictions. Picture: Ontario Government



ROGER BENE

Ontario. Although the northern community enthusiastically supported the scheme, the province has decreed that municipalities must seek solutions to their garbage problems closer to home. A ban on solid-waste incineration by municipalities - the first of its kind

An Environmental Bill of Rights would increase public participation

in North America - has by no means found universal favour, either.

The government has so far been more successful in forging a consensus for a pioneering Environmental Bill of Rights, which would greatly increase public participation in the review and enforcement of clean-up regulations.

According to Mr Peter Victor, a senior environment ministry official, the bill is designed to increase political

accountability in environmental policy, with less emphasis on action through the courts. It will allow members of the public, including businesses, to request a review of government policies and regulations through an Environmental Commissioner, accountable to the provincial legislature. The public could also ask the commissioner to order an investigation of an alleged polluter.

The Bill of Rights would require the creation of a registry, probably accessible through a computer terminal, to notify the public of all significant environmental decisions, such as government permits and regulations. In addition, the bill would protect "whistle-blowing" employees who report environmental abuses within their companies or public agencies.

Three private-sector representatives have endorsed a task force report on the Bill of Rights. But the business community is withholding final

judgment until it sees the details of empowering legislation, expected to be tabled this spring.

Mr Joe Couto, policy adviser to the Ontario Chamber of Commerce, says that the governing New Democrats have watered down some of the positions they advocated in opposition. "They have realised that the environment doesn't only belong to the environmentalists," Mr Couto says.

A cornerstone of the effort to reduce liquid-waste pollution is the Municipal and Industrial Strategy for Abatement (MISA). The first set of guidelines, whose chief aim is to reduce the toxic content of effluents, was put in force last year for the petroleum industry. Rules are now being drawn up for another eight industries.

Among other initiatives is a compulsory environmental self-audit by large companies and government agencies, including such places as hospitals and shopping malls. Regulations, which are expected to come into force within the next year or so, will require a biennial update of plans and targets to reduce pollution.

A ministry official says that ways to enforce the audits have not yet been determined. But participants will be required to keep their audits continuously displayed for employees - and on file for spot checks by government officials.

In general, Mr Victor says, the ministry tries "to encourage voluntary activity."

Bernard Simon

THEY SAY that Americans seeking a weekend's cultural refreshment go increasingly to Toronto rather than New York. It is not hard to see why.

There is a good feel to Toronto, purposeful without being pressured. The downtown streets and subway are clean and safe to walk of an evening - and a Toronto winter's night is generally more benign than Europeans imagine. There is nothing, then, to inhibit a visitor in search of the cultural life of the city.

Cats and Miss Saigon are both showing in Toronto. However, with some 40 other theatres and 140 professional theatre companies, Toronto is the capital - after New York and London - of English language theatre. On Yonge Street, close to record stores where Europeans greedily swallow up CDs for C\$15 or less, theatregoers will discover a jewel: the Elgin and Winter Garden Theatres. This complex is the last surviving example of the double-decker theatres which flourished in the heyday of vaudeville. Opened in 1913 the Winter Garden transported its audience into an English country garden, with trompe l'oeil paintings of stone walls, flowers and butterflies. After only 14 years the Winter Garden was shut up and forgotten while the Elgin became a slippy cinema. Five years ago

The arts dance onwards

Double decker glories

this last gasp of Edwardiana was restored at a cost of C\$30m and reopened (telephone (416) 963-5871 for theatre bookings). Down at the Harbourfront Centre on the shore of Lake Ontario, the Du Maurier Theatre is hosting a world drama festival. At the nearby Dance

The Art Gallery of Ontario, designed by Barton Myers Architects, reopened last month and is now literally twice the place it was

Centre, dance groups from all over the world are taking part in the CIBC Dance Season. Out in the noted Shaw Festival at Niagara-on-the-Lake, 40 years old this year, with three stages, is the largest repertory company in North America. This year's programme starts on April 21 and includes Shaw's *Saint Joan* and Coward's *Billie Sykes* (telephone (416) 468-3172).

A sunset view of Toronto's financial centre is a memorable sight. The Toronto Dominion Centre was designed by

Mies Van der Rohe and built after his death. The springing palm-tree vaults of Calatrava's Gallery at BCE Place, and a magnificent 1930s bank in Egyptian-Celtic style, are other highlights. (To book an architectural walking tour, telephone (416) 922-7606.)

The Royal Ontario Museum opened in 1914, in a place of enchantment, splendidly Victorian in its heterogeneity, with art and natural sciences under one roof. Perhaps its chief glory is the Chinese collection, one of the most magnificent in the world.

The fine arts scene is lively. At the Harbourfront, the Powerhouse gallery hosts travelling shows of Canadian and foreign artists. The Art Gallery of Ontario reopened last month; now literally twice the place it was. Designed by Bar-

ton Myers Architects Inc and built in association with the local partnership of Kuwabara, Payne, McKenna, Blumberg, the gallery is now one of the largest in North America.

Many Toronto visitors count discovery of the Group of Seven, the famous nationalistic movement in landscape painting founded in the 1920s, as one of the city's great resources. A half hour from Toronto in the wooded hills of the Humber Valley, the McMichael Canadian Art Collection is a shrine to these artists and their contemporaries.

In September, Toronto's Festival of Festivals is the best-attended film festival in the world. The city is also home to the Canadian Opera Company. Brian Dickie, its director, was formerly general administrator at Glyndebourne, and standards are high. Thus far without its own opera theatre, the company uses the enormous O'Keefe Centre - or the Elgin Theatre for more intimate works. The year's opera programme includes new productions of Smetana's *Bartered Bride* and Mozart's *Don Giovanni*. The Toronto Symphony Orchestra also uses the O'Keefe Centre. Telephone (416) 598-3375, or pick up "Now", Toronto's weekly free arts scene listings magazine.

Patricia Morrison

You can turn with confidence to Canada's national law firm for Canadian legal services that match those at home.

With 139 years in the Canadian business community, McCarthy Tétrault is Canada's largest single legal partnership.

Our firm of over 500 lawyers brings proven expertise to virtually all aspects of law, including corporate finance, mergers and acquisitions, foreign investment, taxation, property, labour

and employment, energy and natural resources, environment and immigration law.

From our seven offices in Canada and two international offices in London and Hong Kong, we serve a growing number of international businesses with interests in Canada.

McCarthy Tétrault

CANADIAN BARRISTERS & SOLICITORS
CANADIAN PATENT & TRADEMARK AGENTS

TORONTO: Arthur R.A. Sacco (416) 362-1812
LONDON: Charles B. Carmichael (519) 660-1587
OTTAWA: Anthony J.A. Kennedy (613) 238-2000
MONTREAL: Jacques Tremblay (514) 977-4100
QUEBEC: William J. Atkinson (418) 692-1512

VANCOUVER: John W. Pearson (604) 669-2611
CALGARY: Brian D. McKee (403) 260-1500

LONDON (England): Jeremy A. Oliver (44 071-951-2195)
HONG KONG: Thomas D. Lee (852) 923-0012

"I HAD MY WAY I would write the word 'INSURE' over the door of every cottage and upon the blotting book of every public man, because I am convinced that for sacrifices which are inconceivably small, families can be secured against catastrophes which would otherwise smash them up for ever. It is our duty to arrest the ghastly waste, not merely of human happiness but of national health and strength which follows when, through the fortunes of the breadwinner, the frail boat in which the women and family are embarked, founders, and the women and children are left to struggle helplessly on the dark waters of a friendless world."

He also believed in us.

Sir Winston not only had great faith in the power of insurance, he had faith in the security of one of the great insurance companies too. To such an extent that, fearing an invasion of this country, he secretly

despatched Great Britain's negotiable securities to Sun Life of Canada's vaults in Montreal for safe keeping during the war. There can be few more compelling indications of our strength.



SunLife of Canada
Our strength is your security

BASINGSTOWN, BIRMINGHAM, HAMBURG, REGENT 202, TELEPHONE (0256) 941414

Sun Life Assurance Company of Canada, Incorporated in Canada in 1858 as a Limited Company. A Mutual Company since 1952. A member of the LAMCO Group. A member of the Association of British Insurers.

LONDON STOCK EXCHANGE

Equities hold steady in nervous trade

By Terry Byland,
UK Stock Market Editor

SUDDEN FEARS that ICI will hit the stock market with its £1bn rights issue this week, rather than waiting for completion of the planned demerger, dominated the UK equity sector yesterday. ICI shares fell heavily but failed to drag down the rest of the stock market which was helped by a £200m-plus trading programme from Smith New Court, weighted on the buy side and effectively the largest such deal seen in London for several months.

The setback in ICI, which took about 3.8 per cent off the share price, reflected growing worries over funding prospects for Zeneca, the proposed pharmaceuticals and high tech part of the planned demerger. Pharmaceutical stocks continued to fall yesterday in New York and on Continental European bourses as well as in London. A decision from ICI on Thursday when it reports trading results.

The stock market moved nervously in narrow margins throughout the session, rallying towards the close as the trading programme, a portfolio of share trades by an institution via a marketmaking firm, passed across the trading screens. The final reading put the FT-SE 100 at 2,838.3 for a net loss of 1.7 points.

Seag volume increased

smartly at the close as traders caught the hint of the large programme trade, to record a final total of 553.2m shares against Friday's 532m. A sharp jump in non-FT-SE deals to around 65 per cent of the Seag total confirmed that activity had increased in the second-investment institution appeared to be switching out of the cyclical sectors and into

the defensive stocks. Although the FT-SE Mid 250 index was 0.7 off at 3,049.0, there were gains among utilities and food retailers, matched by falls in breweries and chemicals.

The steadiness of the market in the face of the fall in ICI was helped by the favourable outcome of the rights issues announced recently by Asda and Burton; Asda's £347m

issue received 94 per cent acceptance and Burton's £180m a 90 per cent take-up. Traders believe that the stock market is prepared to further rights calls - even the large one predicted from ICI - but fund managers are likely to be hoarding cash balances in anticipation of such developments.

There was a strong performance from the bank sector

where some analysts are hoping for better news on the domestic debt situation when National Westminster reports progress today. This optimism flowed over into the property sector which extended the recovery seen since the turn of the year.

The continued slippage in sterling was seen in the stock market as a further sign that the next base rate cut will come at the time of the UK Budget, now only weeks away. The consensus on equity prospects is that share prices will drift up towards FT-SE 2,900 although economic recovery in the UK may be "very weak", according to Mr Peter Thorne at Nikko.

The strategy team at Strauss Turnbull, noting that the equity market found support at just below FT-SE 2,800, said yesterday that the important corporate results now pending could provide evidence of the benefits for overseas earnings companies of the devaluation of sterling since its departure from the ERM network.

TRADING VOLUME IN MAJOR STOCKS									
Volume	Change	Day's	Volume	Change	Day's	Volume	Change	Day's	Volume
Shares	pts	Change	Shares	pts	Change	Shares	pts	Change	Shares
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group
Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group	2,400	0.1	Asda Group

Funding worry hits ICI

CONCERN over the threat of a huge rights issue sent ICI shares plunging yesterday morning and at first unsettled the rest of the stock market. Analysts predicted a turbulent few days ahead for ICI shares prior to the group's results meeting on Thursday where a decision has been promised over the fate of the proposed demerger.

Should the move get the go-ahead, the market believes it is likely to be accompanied by a cash-raising offer with speculation in the press that it could be a £1bn rights issue. There were other suggestions, including a bond issue, as a way of raising the money. Whatever the fund-raising route, ICI shares responded badly to the speculation. The shares slumped 42 to 107p, although turnover was a moderate 3m.

NatWest strong

The best individual performance from a generally strong bank sector came from National Westminster (NatWest), scheduled to announce preliminary results this morning.

The market is looking for some good news from NatWest, said one leading marketmaker.

NatWest shares closed 14

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (1992)
 FT-SE 100: 2,838.3 (1992)
 FT-SE 250: 3,049.0 (1992)
 FT-SE 350: 3,260.0 (1992)
 FT-SE 400: 3,471.0 (1992)
 FT-SE 450: 3,682.0 (1992)
 FT-SE 500: 3,893.0 (1992)
 FT-SE 550: 4,104.0 (1992)
 FT-SE 600: 4,315.0 (1992)
 FT-SE 650: 4,526.0 (1992)
 FT-SE 700: 4,737.0 (1992)
 FT-SE 750: 4,948.0 (1992)
 FT-SE 800: 5,159.0 (1992)
 FT-SE 850: 5,370.0 (1992)
 FT-SE 900: 5,581.0 (1992)
 FT-SE 950: 5,792.0 (1992)
 FT-SE 1000: 6,003.0 (1992)

NEW LOWS (1992)
 FT-SE 100: 2,838.3 (1992)
 FT-SE 250: 3,049.0 (1992)
 FT-SE 350: 3,260.0 (1992)
 FT-SE 400: 3,471.0 (1992)
 FT-SE 450: 3,682.0 (1992)
 FT-SE 500: 3,893.0 (1992)
 FT-SE 550: 4,104.0 (1992)
 FT-SE 600: 4,315.0 (1992)
 FT-SE 650: 4,526.0 (1992)
 FT-SE 700: 4,737.0 (1992)
 FT-SE 750: 4,948.0 (1992)
 FT-SE 800: 5,159.0 (1992)
 FT-SE 850: 5,370.0 (1992)
 FT-SE 900: 5,581.0 (1992)
 FT-SE 950: 5,792.0 (1992)
 FT-SE 1000: 6,003.0 (1992)

higher at 459p, a rise of 2.92 per cent, against a 1.8 per cent jump in the FT Actuarial Share Index and a marginal decline in the Footsie 100 index. Turnover in NatWest was a hefty 5.9m shares, well above usual levels of activity.

The shares' outperformance came as the market finally disregarded recent suggestions of a heavy rights issue, and instead responded favourably to talk that fund raising via a convertible bond issue could be on the cards.

There was also a hint that the bank may well write back provisions previously made. Estimates of NatWest pre-tax profits ranged from £375m to £500m, against last year's £110m.

Other banks performed well, with renewed takeover speculation driving TSB up 5% to 174p on 6.2m traded. Lloyds, one of the market's favourite to launch a takeover bid for TSB, rose 5 to 520p.

Barclays, due to announce preliminary numbers on March 4, added 7 to 449p. HSBC, helped again by a good showing by the Hong Kong market, rose 6 to 587p. Abbey National, still boosted by recent broker buy recommendations, climbed 8 to 385p.

Hammerson hints

The property sector perked up as bid talk was heard around Hammerson, sending the shares sharply forward. Fellow property concern British Land was said to be eyeing the group, with weekend press reports suggesting that an approach had been made through Hammerson's largest shareholder, Standard Life. This had been reportedly rebuffed, but analysts suggested that British Land may have only been temporarily put off.

There were other rumours that the focus on Hammerson may have revived US interest in the stock which surfaced in December and boosted the shares.

Mr Graham Stanley at NatWest Securities was sceptical over a British Land bid. "While Hammerson's net asset value is forecast to decline from £3.37 to £2.74 this year, and the shares might look cheap, the cash flow implications of the bid at this level have little appeal," he said. Hammerson A shares jumped 10 to 304p.

Elsewhere, Land Securities added 11 to 485p. UBS Phillips and Drew moved from a sell to a hold but retained its negative long-term stance on the stock. MEPC gained 7 to 377p.

Rights success

There was large turnover in Burton and Asda as the remainder of their rights issues were placed. The placing of the rump of the Asda issue was understood to have been done at 64p by broker Morgan Grenfell, followed by a 27m placing by Cazenove in Burton at 74p. Asda's issue was just over 94 per cent subscribed. Its 3-for-10 at 53p raised £347m. The shares closed one quarter of a penny

scribed the rise in the share price to another bout of strong buying from US investors; "I wouldn't be surprised to see the US cost of BP shares rising to 24 per cent in the very near future," said one analyst. Brent crude moved up over 30 cents a barrel to \$18.60, the highest level since before the latest Opec meeting in Vienna. Detailed news on the make up of production cuts in said to be imminent.

Laurel issued 3 to 176p with aggressive activity in the shares attributed to programme trade business rather than speculative buying.

Continuing speculation that British Airways may soon be forced to have a rights issue weakened the shares and they gave up 4 to 284p.

Shares in Channel tunnel operator Eurotunnel were wanted and they moved 17 ahead to 497p, on hopes that its long running dispute with tunnel construction TML may be nearing a settlement.

Pipes and fittings maker Viantic was boosted by favourable weekend press comment. The shares closed 10 up at 364p. Demand was also seen for VSEL and the shares also moved 10 ahead to 600p.

Profit-taking halted the recent advance of GKN leaving the shares 5 lighter at 475p, while it was continued fears that a leading customer would soon announce a cancellation of orders that left TTI Group 6 lighter at 291p. British Aerospace shed a penny to 261p ahead of figures tomorrow. A loss of around 11bn is predicted for the year to December 1992.

Shares in engineering company Whewy, which last week became the subject of a £14.3m hostile bid from investment group McLeod Russell Holdings, hardened a penny to 104p, after it was revealed that McLeod had raised its stake in the bid target from 4 to 7 per cent.

A buy recommendation from NatWest Markets helped Vintex Group jump 23 to 354p.

Hints of imminent news of an expected merger involving Union Discount saw the latter's shares move up 6 to 115p. Cater Allen, which already held a disclosed stake in Unions, jumped 19 to 459p. Gerard & National raced up 10 to 624p.

Royal Insurance attracted

Financial Times equity indices

It didn't like this news one bit and it provided some of the seps with a good excuse to all the stock and lock in good profits." BP, on the other hand, grew strength from the good performance of crude oil prices, as shares settling 4 1/2 cents at \$70. Specialists
--

FINANCIAL TIMES EQUITY									
	Feb 22	Feb 21	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12
Index	2188.0	2200.7	2197.2	2197.2	2197.2	2197.2	2197.2	2197.2	2197.2
City Shares	44.82	44.40	43.8	43.8	43.8	43.8	43.8	43.8	43.8
City Ind. & Nat.	5.84	5.84	5.82	5.85	5.85	5.85	5.85	5.85	5.85
City Nat. Ind.	26.48	26.55	27.57	27.57	27.57	27.57	27.57	27.57	27.57
City Nat. Ind. & Nat.	19.71	19.79	19.81	19.81	19.81	19.81	19.81	19.81	19.81
City Nat. Ind. & Nat. & Nat.	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93

1992/93. Ordinary share index since completion of the 1992/93. Ordinary share index since completion of the

FINANCIAL TIMES TUESDAY FEBRUARY 23 1992

INVESTMENT TRUSTS - Contd

Company	Address	Phone	Telex	Radio	TV	Other
ABC	123 Main St.	555-1234	123456	1234	5678	9101
DEF	456 Elm St.	555-5678	234567	5678	9101	2345
GHI	789 Oak St.	555-9101	345678	9101	2345	6789
JKL	101 Pine St.	555-2345	456789	2345	6789	1012
MNO	234 Maple St.	555-6789	567890	6789	1012	3456
PQR	567 Birch St.	555-1012	678901	1012	3456	7890
STU	890 Cedar St.	555-3456	789012	3456	7890	1234
VWX	123 Elm St.	555-7890	890123	7890	1234	5678
YZA	456 Oak St.	555-1234	901234	1234	5678	9101
BCD	789 Pine St.	555-5678	012345	5678	9101	2345
EFG	101 Maple St.	555-9101	123456	9101	2345	6789
HIJ	234 Birch St.	555-2345	234567	2345	6789	1012
KLM	567 Cedar St.	555-6789	345678	6789	1012	3456
NOP	890 Elm St.	555-1012	456789	1012	3456	7890
QRS	123 Oak St.	555-3456	567890	3456	7890	1234
TUV	456 Pine St.	555-7890	678901	7890	1234	5678
WXY	789 Maple St.	555-1234	789012	1234	5678	9101
ZAB	101 Birch St.	555-5678	890123	5678	9101	2345
ACD	234 Cedar St.	555-9101	901234	9101	2345	6789
BEF	567 Elm St.	555-2345	012345	2345	6789	1012
GHI	890 Oak St.	555-6789	123456	6789	1012	3456
JKL	123 Pine St.	555-1012	234567	1012	3456	7890
MNO	456 Maple St.	555-3456	345678	3456	7890	1234
PQR	789 Birch St.	555-7890	456789	7890	1234	5678
STU	101 Cedar St.	555-1234	567890	1234	5678	9101
VWX	234 Elm St.	555-5678	678901	5678	9101	2345
YZA	567 Oak St.	555-9101	789012	9101	2345	6789
BCD	890 Pine St.	555-2345	890123	2345	6789	1012
EFG	123 Maple St.	555-6789	901234	6789	1012	3456
HIJ	456 Birch St.	555-1012	012345	1012	3456	7890
KLM	789 Cedar St.	555-3456	123456	3456	7890	1234
NOP	101 Elm St.	555-7890	234567	7890	1234	5678
QRS	234 Oak St.	555-1234	345678	1234	5678	9101
TUV	567 Pine St.	555-5678	456789	5678	9101	2345
WXY	890 Maple St.	555-9101	567890	9101	2345	6789
ZAB	123 Birch St.	555-2345	678901	2345	6789	1012
ACD	456 Cedar St.	555-6789	789012	6789	1012	3456
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	1012
YZA	789 Oak St.	555-6789	567890	6789	1012	3456
BCD	101 Pine St.	555-1012	678901	1012	3456	7890
EFG	234 Maple St.	555-3456	789012	3456	7890	1234
HIJ	567 Birch St.	555-7890	890123	7890	1234	5678
KLM	890 Cedar St.	555-1234	901234	1234	5678	9101
NOP	123 Elm St.	555-5678	012345	5678	9101	2345
QRS	456 Oak St.	555-9101	123456	9101	2345	6789
TUV	789 Pine St.	555-2345	234567	2345	6789	1012
WXY	101 Maple St.	555-6789	345678	6789	1012	3456
ZAB	234 Birch St.	555-1012	456789	1012	3456	7890
ACD	567 Cedar St.	555-3456	567890	3456	7890	1234
BEF	789 Elm St.	555-1012	890123	1012	3456	7890
GHI	101 Oak St.	555-3456	901234	3456	7890	1234
JKL	234 Pine St.	555-7890	012345	7890	1234	5678
MNO	567 Maple St.	555-1234	123456	1234	5678	9101
PQR	890 Birch St.	555-5678	234567	5678	9101	2345
STU	123 Cedar St.	555-9101	345678	9101	2345	6789
VWX	456 Elm St.	555-2345	456789	2345	6789	101

MINES - Cont.

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												

[illegible][illegible][illegible][illegible]

Ytd		94	93	92	91	90	89	88	87	86	85	84	83	82	81	80	79	78	77	76	75	74	73	72	71	70	69	68	67	66	65	64	63	62	61	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-35	-36	-37	-38	-39	-40	-41	-42	-43	-44	-45	-46	-47	-48	-49	-50	-51	-52	-53	-54	-55	-56	-57	-58	-59	-60	-61	-62	-63	-64	-65	-66	-67	-68	-69	-70	-71	-72	-73	-74	-75	-76	-77	-78	-79	-80	-81	-82	-83	-84	-85	-86	-87	-88	-89	-90	-91	-92	-93	-94	-95	-96	-97	-98	-99	-100	-101	-102	-103	-104	-105	-106	-107	-108	-109	-110	-111	-112	-113	-114	-115	-116	-117	-118	-119	-120	-121	-122	-123	-124	-125	-126	-127	-128	-129	-130	-131	-132	-133	-134	-135	-136	-137	-138	-139	-140	-141	-142	-143	-144	-145	-146	-147	-148	-149	-150	-151	-152	-153	-154	-155	-156	-157	-158	-159	-160	-161	-162	-163	-164	-165	-166	-167	-168	-169	-170	-171	-172	-173	-174	-175	-176	-177	-178	-179	-180	-181	-182	-183	-184	-185	-186	-187	-188	-189	-190	-191	-192	-193	-194	-195	-196	-197	-198	-199	-200	-201	-202	-203	-204	-205	-206	-207	-208	-209	-210	-211	-212	-213	-214	-215	-216	-217	-218	-219	-220	-221	-222	-223	-224	-225	-226	-227	-228	-229	-230	-231	-232	-233	-234	-235	-236	-237	-238	-239	-240	-241	-242	-243	-244	-245	-246	-247	-248	-249	-250	-251	-252	-253	-254	-255	-256	-257	-258	-259	-260	-261	-262	-263	-264	-265	-266	-267	-268	-269	-270	-271	-272	-273	-274	-275	-276	-277	-278	-279	-280	-281	-282	-283	-284	-285	-286	-287	-288	-289	-290	-291	-292	-293	-294	-295	-296	-297	-298	-299	-300	-301	-302	-303	-304	-305	-306	-307	-308	-309	-310	-311	-312	-313	-314	-315	-316	-317	-318	-319	-320	-321	-322	-323	-324	-325	-326	-327	-328	-329	-330	-331	-332	-333	-334	-335	-336	-337	-338	-339	-340	-341	-342	-343	-344	-345	-346	-347	-348	-349	-350	-351	-352	-353	-354	-355	-356	-357	-358	-359	-360	-361	-362	-363	-364	-365	-366	-367	-368	-369	-370	-371	-372	-373	-374	-375	-376	-377	-378	-379	-380	-381	-382	-383	-384	-385	-386	-387	-388	-389	-390	-391	-392	-393	-394	-395	-396	-397	-398	-399	-400	-401	-402	-403	-404	-405	-406	-407	-408	-409	-410	-411	-412	-413	-414	-415	-416	-417	-418	-419	-420	-421	-422	-423	-424	-425	-426	-427	-428	-429	-430	-431	-432	-433	-434	-435	-436	-4
-----	--	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	---	---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----	----	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	----

Continued on next page

[illegible]

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen hits new high against \$

THE YEN reached a new high against the US dollar yesterday as investors continued to be heavy buyers of the Japanese currency, writes Peter John.

The rise highlights the dilemma facing the Japanese finance ministry. It needs to cut the country's trade surplus but fears that the high value of the yen will hit Japan's export market and domestic economy in the middle of a recession.

Dealers said the yen reached Y116.10 in early London trading, fell back slightly as profit-takers moved in and then rose again as the New York market continued to buy it.

The gains are being fuelled by a belief that the Group of Seven meeting of finance ministers and central bank governors on Saturday will endorse a stronger yen as a means to reducing Japan's trade surplus.

Publicly, Japanese finance officials have expressed concern at the speed of the yen's rise but there was a feeling in the foreign exchange markets that the comments are principally a sop to hard-pressed exporters.

Mr Rob Lowry, the head of foreign exchange trading at Midland Global Markets, argued that Japan might be happy to see the yen trading

between Y115 and Y118 against the dollar.

Mr Neil MacKinnon of Citibank said he could see the dollar falling even further to reach Y105-Y110 but, he added: "Previously when there has been this sort of discussion (among Japanese officials) the half-park figure was Y110-Y115."

"I suspect that the squeeze on profit margins plus the downturn in Japan's export markets might mean that the acceptable pain barrier would be Y115-Y120 and possibly as low as Y125."

The yen closed in London at Y116.35 against Y119.0. Its strength added to pressures on some European currencies.

The arrest of two Fiat executives yesterday in connection with Italy's political bribery scandal and following hard on the heels of two government resignations saw the lira sold down to 967.1 against the D-Mark from 959.2.

In spite of efforts by Spain's

central bank to prop up the peseta, it tumbled to Ptas7.0 against the D-Mark from Ptas7.7.

The fall revived fears that Spain might have to devalue or quit the ERM. Observers said the country was likely to raise interest rates first but there was scepticism about Spain's ability to sustain high rates.

The Bank of Portugal also intervened to support its currency but the escudo buying failed to prevent it sliding some 50 basis points in sympathy with the peseta to close 92.13 against the D-Mark.

The franc fell to FF3.392 from FF3.355, with some talk of intervention. However, the country's currency reserves rose by FF11.05bn in January to FF101.05bn leaving the currency more secure against any speculative attacks.

Away from the ERM, sterling was steady, firming to \$1.455 from \$1.450 but easing to DM2.3700 from DM2.3775.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Jan 22	Jan 21	% Change	% Spread	Conversion
Italy	1000	1,450.00	1,450.00	0.00	0.00	67
Portugal	1000	200.00	200.00	0.00	0.00	20
Spain	1000	166.67	166.67	0.00	0.00	16
France	1000	6.55957	6.55957	0.00	0.00	6.56
Germany	1000	1.93627	1.93627	0.00	0.00	1.94
Belgium	1000	36.3636	36.3636	0.00	0.00	36
Netherlands	1000	2.20371	2.20371	0.00	0.00	2.20
Denmark	1000	136.7603	136.7603	0.00	0.00	137
Swedish Krona	1000	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	1000	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

MONEY MARKETS

French futures falter

RENEWED tension within the European exchange rate mechanism prompted a sharp fall in French futures yesterday as dealers struggled to maintain D-Mark parity, writes Peter John.

In the Matif, the Pibor contract for March delivery plunged 22 points from the open to end the day at 88.49 on heavy turnover of nearly 14,800 contracts. The fall indicated a quarter-point rise in three months money to 11.5 per cent ahead of the country's general election on March 17.

There was an element of correction after firmness last week but there was also a new wave of ERM jitter prompted by the Bank of Spain's intervention to support the peseta.

UK clearing bank base lending rate 6 per cent January 26, 1993

Nevertheless, the market is convinced that Paris will cut rates following the election and the June contract remained steady yesterday, easing only two basis points to 91.08 on turnover of 20,850 contracts.

Euromark futures traded within a tight range with the March contract settling slightly easier at 91.93 and June marginally firmer at 91.97.

Away from the ERM

uncertainty, short sterling was firm with March nudging ahead by 3 basis points to 94.05 and June adding four points at 94.65.

There was also relief among UK interbank dealers as concerns that the liquidity shortage would be around £1bn proved unfounded and the Bank of England began the day with a forecast shortage of only £450m.

Among the main factors affecting the position were the take-up of Treasury bills and paper maturing in official hands which was set to remove £247m from the system. Bills for repurchase by the market were expected to take out £1,340bn and bankers' balances below target £35m. Partly offsetting this, exchequer transactions were set to add £35m and a fall in note circulation £745m.

The Bank of England did not offer early assistance but provided £250m at midday, buying bank one bank bills at the established 5% per cent rate.

By the afternoon, the forecast shortage was revised to around £550m and the Bank bought a further £270m of bills.

The Bank also announced a weekly rollover rate of 6% per cent on a temporary facility it first made available last September to aid liquidity after currency upheavals.

FINANCIAL FUTURES AND OPTIONS

LIVE LONG DOLLAR FUTURES OPTIONS

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

LIVE LONG DOLLAR FUTURES OPTIONS

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

LIVE LONG DOLLAR FUTURES OPTIONS

	Jan 22	Jan 21	Jan 20	% Change	% Spread	Conversion
US	1.4500	1.4500	1.4500	0.00	0.00	67
Canada	1.4500	1.4500	1.4500	0.00	0.00	67
France	6.55957	6.55957	6.55957	0.00	0.00	6.56
Germany	1.93627	1.93627	1.93627	0.00	0.00	1.94
Italy	1.4500	1.4500	1.4500	0.00	0.00	67
Spain	166.67	166.67	166.67	0.00	0.00	16
Portugal	200.00	200.00	200.00	0.00	0.00	20
Belgium	36.3636	36.3636	36.3636	0.00	0.00	36
Netherlands	2.20371	2.20371	2.20371	0.00	0.00	2.20
Denmark	136.7603	136.7603	136.7603	0.00	0.00	137
Swedish Krona	10.4656	10.4656	10.4656	0.00	0.00	10.47
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	7.88

Unit rates set by the European Commission. Conversion rates are rounded to two decimal places. Percentage changes are for Jan 22 against Jan 21. Spread is the difference between the unit rate and the conversion rate. Conversion rate is the number of units of the currency per one unit of the D-Mark.

Source: European Commission. Last updated: 17/02/93. Sterling and Irish Punt suspended from EMS. Adjustment calculated by Financial Times.

LIVE LONG DOLLAR FUTURES OPTIONS

Previous day's close int. 1.3692 (1.6271)				SWISS FRANC (DMO SF 125.000 per SF)			
1% NATIONAL LOAN TERM JAPANESE GOVT. Bonds 71.000 1000s of 100%							
	Close	High	Low				
Jan	110.81	111.51	110.80	Jan	6.5595	6.5615	6.5575
Feb	110.81	110.85	110.77	Feb	C 6.558	6.5615	6.5575
Estimated volume 1850 (1.45%)							
Traded exclusively on AP1							
2% NATIONAL ITALIAN GOVT. BOND (GPI) *							
				BANK OF AMERICA AND CO. BROKERS			

4 pm close February 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

100000	200000	300000	400000	500000	600000	700000	800000	900000	1000000	1100000	1200000	1300000	1400000	1500000	1600000	1700000	1800000	1900000	2000000	2100000	2200000	2300000	2400000	2500000	2600000	2700000	2800000	2900000	3000000	3100000	3200000	3300000	3400000	3500000	3600000	3700000	3800000	3900000	4000000	4100000	4200000	4300000	4400000	4500000	4600000	4700000	4800000	4900000	5000000	5100000	5200000	5300000	5400000	5500000	5600000	5700000	5800000	5900000	6000000	6100000	6200000	6300000	6400000	6500000	6600000	6700000	6800000	6900000	7000000	7100000	7200000	7300000	7400000	7500000	7600000	7700000	7800000	7900000	8000000	8100000	8200000	8300000	8400000	8500000	8600000	8700000	8800000	8900000	9000000	9100000	9200000	9300000	9400000	9500000	9600000	9700000	9800000	9900000	10000000	10100000	10200000	10300000	10400000	10500000	10600000	10700000	10800000	10900000	11000000	11100000	11200000	11300000	11400000	11500000	11600000	11700000	11800000	11900000	12000000	12100000	12200000	12300000	12400000	12500000	12600000	12700000	12800000	12900000	13000000	13100000	13200000	13300000	13400000	13500000	13600000	13700000	13800000	13900000	14000000	14100000	14200000	14300000	14400000	14500000	14600000	14700000	14800000	14900000	15000000	15100000	15200000	15300000	15400000	15500000	15600000	15700000	15800000	15900000	16000000	16100000	16200000	16300000	16400000	16500000	16600000	16700000	16800000	16900000	17000000	17100000	17200000	17300000	17400000	17500000	17600000	17700000	17800000	17900000	18000000	18100000	18200000	18300000	18400000	18500000	18600000	18700000	18800000	18900000	19000000	19100000	19200000	19300000	19400000	19500000	19600000	19700000	19800000	19900000	20000000	20100000	20200000	20300000	20400000	20500000	20600000	20700000	20800000	20900000	21000000	21100000	21200000	21300000	21400000	21500000	21600000	21700000	21800000	21900000	22000000	22100000	22200000	22300000	22400000	22500000	22600000	22700000	22800000	22900000	23000000	23100000	23200000	23300000	23400000	23500000	23600000	23700000	23800000	23900000	24000000	24100000	24200000	24300000	24400000	24500000	24600000	24700000	24800000	24900000	25000000	25100000	25200000	25300000	25400000	25500000	25600000	25700000	25800000	25900000	26000000	26100000	26200000	26300000	26400000	26500000	26600000	26700000	26800000	26900000	27000000	27100000	27200000	27300000	27400000	27500000	27600000	27700000	27800000	27900000	28000000	28100000	28200000	28300000	28400000	28500000	28600000	28700000	28800000	28900000	29000000	29100000	29200000	29300000	29400000	29500000	29600000	29700000	29800000	29900000	30000000	30100000	30200000	30300000	30400000	30500000	30600000	30700000	30800000	30900000	31000000	31100000	31200000	31300000	31400000	31500000	31600000	31700000	31800000	31900000	32000000	32100000	32200000	32300000	32400000	32500000	32600000	32700000	32800000	32900000	33000000	33100000	33200000	33300000	33400000	33500000	33600000	33700000	33800000	33900000	34000000	34100000	34200000	34300000	34400000	34500000	34600000	34700000	34800000	34900000	35000000	35100000	35200000	35300000	35400000	35500000	35600000	35700000	35800000	35900000	36000000	36100000	36200000	36300000	36400000	36500000	36600000	36700000	36800000	36900000	37000000	37100000	37200000	37300000	37400000	37500000	37600000	37700000	37800000	37900000	38000000	38100000	38200000	38300000	38400000	38500000	38600000	38700000	38800000	38900000	39000000	39100000	39200000	39300000	39400000	39500000	39600000	39700000	39800000	39900000	40000000	40100000	40200000	40300000	40400000	40500000	40600000	40700000	40800000	40900000	41000000	41100000	41200000	41300000	41400000	41500000	41600000	41700000	41800000	41900000	42000000	42100000	42200000	42300000	42400000	42500000	42600000	42700000	42800000	42900000	43000000	43100000	43200000	43300000	43400000	43500000	43600000	43700000	43800000	43900000	44000000	44100000	44200000	44300000	44400000	44500000	44600000	44700000	44800000	44900000	45000000	45100000	45200000	45300000	45400000	45500000	45600000	45700000	45800000	45900000	46000000	46100000	46200000	46300000	46400000	46500000	46600000	46700000	46800000	46900000	47000000	47100000	47200000	47300000	47400000	47500000	47600000	47700000	47800000	47900000	48000000	48100000	48200000	48300000	48400000	48500000	48600000	48700000	48800000	48900000	49000000	49100000	49200000	49300000	49400000	49500000	49600000	49700000	49800000	49900000	50000000	50100000	50200000	50300000	50400000	50500000	50600000	50700000	50800000	50900000	51000000	51100000	51200000	51300000	51400000	51500000	51600000	51700000	51800000	51900000	52000000	52100000	52200000	52300000	52400000	52500000	52600000	52700000	52800000	52900000	53000000	53100000	53200000	53300000	53400000	53500000	53600000	53700000	53800000	53900000	54000000	54100000	54200000	54300000	54400000	54500000	54600000	54700000	54800000	54900000	55000000	55100000	55200000	55300000	55400000	55500000	55600000	55700000	55800000	55900000	56000000	56100000	56200000	56300000	56400000	56500000	56600000	56700000	56800000	56900000	57000000	57100000	57200000	57300000	57400000	57500000	57600000	57700000	57800000	57900000	58000000	58100000	58200000	58300000	58400000	58500000	58600000	58700000	58800000	58900000	59000000	59100000	59200000	59300000	59400000	59500000	59600000	59700000	59800000	59900000	60000000	60100000	60200000	60300000	60400000	60500000	60600000	60700000	60800000	60900000	61000000	61100000	61200000	61300000	61400000	61500000	61600000	61700000	61800000	61900000	62000000	62100000	62200000	62300000	62400000	62500000	62600000	62700000	62800000	62900000	63000000	63100000	63200000	63300000	63400000	63500000	63600000	63700000	63800000	63900000	64000000	64100000	64200000	64300000	64400000	64500000	64600000	64700000	64800000	64900000	65000000	65100000	65200000	65300000	65400000	65500000	65600000	65700000	65800000	65900000	66000000	66100000	66200000	66300000	66400000	66500000	66600000	66700000	66800000	66900000	67000000	67100000	67200000	67300000	67400000	67500000	67600000	67700000	67800000	67900000	68000000	68100000	68200000	68300000	68400000	68500000	68600000	68700000	68800000	68900000	69000000	69100000	69200000	69300000	69400000	69500000	69600000	69700000	69800000	69900000	70000000	70100000	70200000	70300000	70400000	70500000	70600000	70700000	70800000	70900000	71000000	71100000	71200000	71300000	71400000	71500000	71600000	71700000	71800000	71900000	72000000	72100000	72200000	72300000	72400000	72500000	72600000	72700000	72800000	72900000	73000000	73100000	73200000	73300000	73400000	73500000	73600000	73700000	73800000	73900000	74000000	74100000	74200000	74300000	74400000	74500000	74600000	74700000	74800000	74900000	75000000	75100000	75200000	75300000	75400000	75500000	75600000	75700000	75800000	75900000	76000000	76100000	76200000	76300000	76400000	76500000	76600000	76700000	76800000	76900000	77000000	77100000	77200000	77300000	77400000	77500000	77600000	77700000	77800000	77900000	78000000	78100000	78200000	78300000	78400000	78500000	78600000	78700000	78800000	78900000	79000000	79100000	79200000	79300000	79400000	79500000	79600000	79700000	79800000	79900000	80000000	80100000	80200000	80300000	80400000	80500000	80600000	80700000	80800000	80900000	81000000	81100000	81200000	81300000	81400000	81500000	81600000	81700000	81800000	81900000	82000000	82100000	82200000	82300000	82400000	82500000	82600000	82700000	82800000	82900000	83000000	83100000	83200000	83300000	83400000	83500000	83600000	83700000	83800000	83900000	84000000	84100000	84200000	84300000	84400000	84500000	84600000	84700000	84800000	84900000	85000000	85100000	85200000	85300000	85400000	85500000	85600000	85700000	85800000	85900000	86000000	86100000	86200000	86300000	86400000	86500000	86600000	86700000	86800000	86900000	87000000	87100000	87200000	87300000	87400000	87500000	87600000	87700000	87800000	87900000	88000000	88100000	88200000	88300000	88400000	88500000	88600000	88700000	88800000	88900000	89000000	89100000	89200000	89300000	89400000	89500000	89600000	89700000	89800000	89900000	90000000	90100000	90200000	90300000	90400000	90500000	90600000	90700000	90800000	90900000	91000000	91100000	91200000	91300000	91400000	91500000	91600000	91700000	91800000	91900000	92000000	92100000	92200000	92300000	92400000	92500000	92600000	92700000	92800000	92900000	93000000	93100000	93200000	93300000	93400000	93500000	93600000	93700000	93800000	93900000	94000000	94100000	94200000	94300000	94400000	94500000	94600000	94700000	94800000	94900000	95000000	95100000	95200000	95300000	95400000	95500000	95600000	95700000	95800000	95900000	96000000	961000
--------	--------	--------	--------	--------	--------	--------	--------	--------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	--------

[illegible]

AMERICA

Biotechnology
sell-off hits
OTC market

Wall Street

BIG BOARD equity prices held steady yesterday morning as the market retained its end-of-week calm, but a sell-off in biotechnology stocks depressed the over-the-counter market, writes Karen Zagor in New York.

At 1 pm, the Dow Jones Industrial Average was 5.14 higher at 3,227.32. The more broadly based Standard & Poor's 500 was up 0.04 at 434.26, while the Amex composite was down 2.55 at 399.83, and the Nasdaq composite tumbled 7.98 to 655.83. Trading volume on the NYSE was 172m shares by 1 pm, and declines narrowly outnumbered rises by 908 to 853.

On Friday, the Dow firming 19.99 to close at 3,232.18 after a week which had seen wild fluctuations following President Bill Clinton's first budget plan. In NYSE trading, the pharmaceutical sector saw heavy trading. Merck slid 1/4 to 36 1/2. On Friday, an advisory committee of the Food and Drug Administration recommended a broader indication for use of Merck's Vioxx ACE inhibitor.

A number of other drug company stocks hit 52-week lows yesterday morning in active trading, including Bristol-Myers Squibb, which fell 1/4 to 53 1/2, Johnson & Johnson, down 1/4 to 43 1/2, and Pfizer, 1/4 lower at 53 1/2.

Among bank stocks, Mellon Bank firmed 1/4 to 87 1/2 after the brokers, Alex Brown, started coverage of the stock with a "strong buy" rating, reflecting the company's potential for growth. Shares in Axiat, the specialty US retailer, firmed 1/4 to 82 1/2, after the company reduced its fourth quarter loss to 5 cents a share, including one-time charges, compared with a deficit of 27 cents a year earlier.

J.C. Penney rose 1/4 to 27 1/2 after an analyst at Bear Stearns upgraded his rating on

the stock to "buy" from "hold". The analyst expects J.C. Penney to gain market share as a low priced mail operator following Sears, Roebuck's decision to get out of the catalogue business.

Among other retailers, Sears slid 1/4 to 53 1/2, Wal-Mart eased 1/4 to 51 1/2, and Woolworth added 1/4 to 27 1/2. In Nasdaq trading, traders became nervous after Synergen posted disappointing research data on its Astril sepsis drug. A number of analysts downgraded ratings on the Colorado-based drug developer after Synergen said that the results did not match earlier trials.

The stock plunged 3/8 to 14 1/2, significantly below its previous 52-week low of 31 1/2. The Synergen sell-off drove other Nasdaq biotech issues lower in very heavy trading, with Amgen dropping 3/8 to 42 1/2, a 52-week low, Chiron down 1/4 to 46 1/2, and US Healthcare falling 1/4 to 38.

Canada

TORONTO was underpinned by continued gains in banking shares and other blue chip companies following last week's cuts in domestic prime lending rates.

The TSX-300 index added 22.4 to 3,448.91 at midday in light turnover of 314,42m. Expectations of good first quarter earnings at several banks which are due to report later in the week also helped the sector. Royal Bank of Canada edged up 1/4 to C\$35 1/2 while the Toronto-Dominion Bank rose 1/4 to C\$35 1/2 and the Bank of Montreal climbed 1/4 to C\$43 1/2.

SOUTH AFRICA

JOHANNESBURG lost some of last week's gains as overseas institutions took profits. The overall and industrial indices both lost 25, to 3,463 and 4,512 respectively. The gold index shed 12 to 1,014. Vaal Reef shed R2.50 to R182.

EUROPE

Astra surprises with 2.7% fall after results

PHARMACEUTICAL stocks came under renewed pressure yesterday, partly on worries over US proposals to regulate prices, writes Our Markets Staff.

STOCKHOLM went negative on Astra, even although the pharmaceutical group reported better than expected 1992 results, and the B shares lost SKr19 to SKr675 in high turnover. Mr Peter Erik, senior manager at Unibank in London, commented that some investors may have taken account of the significantly large contribution that foreign exchange gains made to the figures, while others may have been disappointed at the absence of a scrip issue and ignored the 60 per cent rise in earnings per share.

The Astra-världen general index was up 3.50 to 980.00 at the close but, in post-close trading in London, further selling of Astra left the Swedish component of the FT-SE Europe track 100 down 21.45 at 943.60.

ZURICH was also underpinned by some heavy selling of pharmaceutical stocks, particu-

larly by US investors. The SMI index dipped 11.5 to 2,095.8. Registered shares in Ciba-Geigy, SFr16 lower at SFr614, led the downturn, followed by Roche certificates, which shed SFr50 to SFr4,000.

Conversely, a firm bond market and a new round of cuts in cash bond rates gave some support to banks and insurers. CS Holding rose SFr10 to SFr1,140 and UBS bearers added SFr2 to SFr94.

FRANKFURT extended last week's themes as business slowed with the start of the carnival season. Weakness in carmakers and strength in banks almost cancelled each other out, and the DAX index rose just 3.35 to 1,680.74 in turnover down from DM3,430 to DM5,400.

Bearish car registration and production data issued late last week left Volkswagen, DMS lower at DM270.80, Daimler off DM5.20 at DM604.80 and BMW down DM2.20 at DM503.30. Banks reflected rising interest rate optimism as the Bundesbank's average bond yield fell 10 basis points to 6.60 per cent;

I-SE Actuaries Share Indices

February 22		THE EUROPEAN SERIES									
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close	FT-SE	Barclay	100
FT-SE Europe 100	1190.07	1193.46	1193.67	1193.76	1193.85	1193.85	1193.85	1193.85	1193.85	1193.85	1193.85
FT-SE Europe 200	1194.07	1193.46	1193.67	1193.76	1193.85	1193.85	1193.85	1193.85	1193.85	1193.85	1193.85
Feb 19		Feb 18	Feb 17	Feb 16	Feb 15						
FT-SE Europe 100	1196.00	1192.95	1191.77	1192.14	1192.97						
FT-SE Europe 200	1191.00	1191.03	1173.51	1179.54	1184.15						

Base value 1000 (2007/1990) High/Low: 100 - 1195.92/100 - 1194.83 Low/Low: 100 - 1191.87/100 - 1187.11

Deutsche Bank led with a gain of DM12 to DM97.

PARIS opened the new account broadly positive as last week's hopes of lower European interest rates, given encouragement by good German economic data on Friday, spurred further buying. The CAC-40 index closed up 23.00 at 1,959.23, but off the day's high of 1,967.14 in turnover of some FF2.5bn.

Profit-taking in Rhône-Poulenc, on its first day in the index, left the shares off FF2 at FF758.4 after a high of FF787.5 while Elf and Total saw respective gains of FF7.80 and FF7.90 to FF736.80 and FF736.80.

restored a firmer trend to other sectors. The Comit index ended 1.67 lower at 501.98.

Flat shares fixed 1.30 lower at 15,350 and fell back to 15,200 in after-hours trading. Other shares in the group were similarly hard hit, with Toro Assicurazioni down L340 lire to L26,000. The financial holding company, IFI, firmed L5 to fix at L11,205 before dipping to L10,950 after hours.

AMSTERDAM, which sees results from Unilever today followed by Akzo and Royal Dutch later in the week, remained resilient with a 0.4 gain in the CBS Tendency index to 190.1.

Borsamij Wehry, the trading group, picked up F15.00 to F16.50 following 1992 results much exceeded some analysts' expectations. Financials were strong with ING up F1.80 at F16.40.

OSLO moved ahead to close near an eight-month high, helped by weaker interest rates. The all-share index rose 5.17 to 406.92 in turnover of Nkr445.8m. Norsk Hydro fell Nkr0.5 to

Nkr163.5 as it cut the 1992 dividend and attributed sharply higher 1992 net income to a change in its accounting practices.

COPENHAGEN liked the central bank's one-point cut in discount and key deposit rates, and the KFX index rose 0.37 to 84.25. Blikuben, the country's third biggest bank, moved against the trend with a drop of DKr2 to DKr198 on a DKr1.2bn net loss for 1992.

VIENNA expressed its enthusiasm for interest rate prospects as the ATX index climbed 19.1, or 2.3 per cent to 837.12. Interest rate-sensitive, insurance companies and banks have been a strong influence over the past four weeks but, yesterday, building stocks led the market with Uniparc up Sch90 to Sch910 and Strabag - one of the best performers this year - Sch70 better at Sch1370.

ISTANBUL put on 4.7 per cent, the market index ending 266.59 higher at 5,922.35 with demand boosted mainly by new deposit rate reductions by state and private banks.

ASIA PACIFIC

Nikkei loses ground amid worries on export outlook

Tokyo

A SURGE in the yen triggered fears over lower profits at leading exporters and, as the dollar fell to an all-time low, the Nikkei average lost ground on selling of export-oriented stocks, writes Emilio Terazono in Tokyo.

The Nikkei closed down 189.42 at the day's low of 16,820.61. The index peaked at 17,058.59 on index-linked buying during the morning session, but subsided as the dollar fell below Y117.

Volume fell to 200m shares against 221m. Losses led gains by 687 to 236 with 800 unchanged, the Topix index of all first section stocks lost 10.15 to 1,283.91 and, in London, the ISE/Nikkei 50 index fell 0.56 to 1,204.90.

The dollar finally closed at Y116.85 against the yen, Y238 down since last Friday. Com-

ments by Mr Lloyd Bentsen, the US treasury secretary, that a higher yen was desirable added fuel to buying of the yen, which has been active during the past two weeks on speculation that the Group of Seven finance ministers will agree on a concerted move to revalue the Japanese currency.

Mr Robert Feldman, an economist at Salomon Brothers, said that the yen's rise would have a neutral effect on the economy, and predicted that it would move to the Y115 level.

Among leading exporters, Toshiba fell Y15 to Y860 and NEC Y22 to Y610. Toyota Motor, the video game maker, fell Y30 to Y1,270. However, electric utilities, beneficiaries of a higher yen due to their dependency on oil imports, gained ground. Tokyo Electric Power advanced Y30 to Y2,590 and Chubu Electric Power rose Y60 to Y2,490. Showa Shell Sekiyu, an affil-

iate of Royal Dutch Shell, came under heavy selling after its announcement of a Y125bn loss stemming from a failure in foreign exchange.

The issue failed to trade due to the lack of buyers and closed at an offered price of Y1,200, down by its daily limit of Y300.

Foreign and domestic investors bought Nippon Telegraph and Telephone, which rose Y10,000 to Y819,000 on hopes that the company will put its rates up.

In Osaka, the OSE average fell 92.25 to 18,293.29 in volume of 70.3m shares. Nintendo, the video game maker, fell Y300 to Y10,100 on fears of lower profits due to the higher yen.

Roundup

POLITICAL considerations held the key to trading in a number of Pacific Rim mar-

kets. HONG KONG benefited from reports of progress towards new Sino-British talks on the colony's plans for political reform and the Hang Seng index rose 61.79 to 6,231.88. Turnover, however, was only HK\$2.9bn, well below last week's robust daily average of nearly HK\$4bn.

Trading was dominated by the debut of the so-called "China-concept" share Denway Investment Denway, issued at HK\$1.22, rose to HK\$2.70 in early trade before slipping back to close at HK\$2.20, well below market expectations. Jardine Matheson, a laggard since a thinly veiled attack on the company by China's official media in December, continued a week-long rally to finish up HK\$1.75 at HK\$51.

AUSTRALIAN shares closed near their highs as the futures market inspired solid gains. The All Ordinaries index

closed 10.2 higher at 1,604.9 in turnover of A\$306.38m.

Encouraging results and growing signs that the coalition will win the federal election helped lift the mood.

Pancontinental Mining was heavily traded as Degussa, the German chemical group, sold its stake for A\$21.1m. The shares finished 2 cents lower at 95 cents.

SINGAPORE was mostly firm ahead of this Friday's national budget with trade-driven by Malaysian speculative issues.

The Straits Times Industrial index was 0.33 ahead at 1,539.57 in volume of 139,32m shares. KUALA LUMPUR closed higher on strong speculative buying that took the composite index 6.16 higher to 685.59.

Dunlop Estates rose 95 cents to M\$7.50, Magnum added 70 cents to M\$10.40 and Multi-Purpose gained 26 cents to M\$2.44. TAIWAN saw sharp

advances among financials shares amid expectations that the big three banks would issue big stock dividends next fiscal year.

The weighted index finished 62.79 ahead at a six-month high of 4,098.44. Turnover rose to T\$61.5bn, the heaviest since last June.

SEOUL got active institutional support ahead of Thursday's presidential inauguration and the composite index rose 22.94 to 674.71.

BANGKOK fell in thin trade, worried about the outlook for finance companies after First City Investment told the government last week it had run out of cash to repay debts, and was being investigated by authorities. The SET index dropped 17.18 to 945.62.

BOMBAY trod water ahead of Saturday's national budget but there was selective buying, and the BSE index closed 36.97 higher at 2,708.34.

US and German influences in conflict

MARKETS IN PERSPECTIVE						
	% change in local currency †			% change in US \$ ‡	% change in US \$ ‡	
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1993	Start of 1994
Austria	+2.16	+9.54	-20.30	+5.09	+7.90	+3.55
Belgium	-0.02	+8.49	+2.10	+7.51	+10.52	+6.08
Denmark	-0.32	+1.38	-18.54	+13.45	+10.80	+10.80
Finland	+0.13	+12.86	+5.25	+12.58	+4.33	+0.13
France	+1.71	+8.61	+2.11	+5.68	+9.81	+5.38
Germany	+0.98	+6.08	-4.01	+9.33	+12.77	+6.23
Ireland	+0.28	+4.91	-12.19	+5.68	+1.33	-2.75
Italy	+2.28	+5.75	+1.53	+15.40	+12.80	+4.35
Netherlands ..	+0.80	+5.02	+5.85	+6.17	+9.30	+4.90
Norway	-2.58	+0.08	-7.16	+8.28	+7.25	+2.62
Spain	-1.80	+1.19	-7.97	+10.22	+12.51	+7.98
Sweden	+1.06	+8.07	+16.41	+5.54	+2.96	-1.20
Switzerland ..	-0.88	+1.37	+16.29	+2.38	+3.67	-0.51
UK	+0.12	+2.51	+13.32	+0.75	+0.75	-3.32
EUROPE	+0.46	+4.91	+6.85	+4.94	+8.84	+1.89
Australia	-0.72	+4.84	-3.37	+2.44	+6.83	+2.53
Hong Kong	+5.50	+4.30	+2.72	+11.53	+16.35	+11.65
Japan	-0.42	+2.98	-10.55	-1.05	+8.08	+3.78
Malaysia	-0.74	+4.75	+9.28	+3.33	+7.19	+2.88
New Zealand ..	-0.81	+8.27	+3.05	+3.11	+7.93	+3.59
Singapore	+0.88	+3.17	-0.18	+3.14	+7.23	+2.92
Canada	-0.39	+4.11	-5.84	+1.48	+7.00	+2.69
USA	-2.43	-0.89	+8.41	-0.49	+3.69	-0.49
Mexico	-6.27	-12.42	-10.90	-11.40	-6.80	-10.65
South Africa ..	0.00	+2.45	-5.59	+7.07	+20.03	+15.18
World Index ..	-0.80	+1.81	+9.22	+0.89	+5.73	+1.48

† Based on February 1993 data. Copyright, The Financial Times Limited, London, 1993

Based on February 19th 1993. Copyright: The Financial Times Limited, Goldman, Sachs & Co., and NatWest Securities Limited.

By John Pitt

TWO main elements influenced the direction of the world's senior equity markets last week: President Bill Clinton's plans for the US economy, and surprisingly good money supply data from Germany. In aggregate, they produced a decline in the FT-Actuaries World Index in local currency terms; but if one excludes the US, the index shows a modest rise.

US equity markets tumbled on Tuesday after Mr Clinton's television appearance the night before in which he revealed his proposals to increase taxes, with a loss of more than 80 points in the Dow, leaving it some 4 per cent below an all-time high seen just two weeks before.

It is uncertain how much of the economic and budgetary proposals will get through debate in Congress. However, Mr Richard Davidson, Morgan Stanley strategist at European equity strategists at Morgan Stanley, comments that the current proposals favour European bonds rather than

equities, owing to the broadly negative effect the Clinton plan will have on economic growth.

This theory was supported last week by rising prices in the US bond market, which the president himself, as a politician rather than an economist, interpreted as a positive sign for his planned tax increases.

Germany continued to power ahead last week, although some of the reasons suggested for this rally began to indicate misguided optimism rather than sound investment strategy. The general consensus among European analysts is that the rise in the DAX has been driven by technical factors with little, if any, thought given to fundamentals. At the beginning of the year, they say, many fund managers, facing an underweight position in German equities, started to buy the DAX blue chips such as Daimler, Siemens and Allianz.

But, as some analysts warn, price strength in, for instance, Daimler is not borne out by earnings prospects for 1993 or, indeed, 1994.

INVESTMENT OPPORTUNITY



BANQUE MISR

Announces the divestiture of 4 Floating Hotels
Named Tut, Aton, Anni and Hotp/Sheraton owned by the
Egyptian General Company for Tourism and Hotels, an affiliated
Company of the Tourism Holding Company, owned by the
Government of Egypt.

The information of the Floating Hotels is as follows:

FLOATING HOTEL	TUT	ATON	ANNI	HOTP
Construction Date	1978	1978	1979	1979
Cabins & Suites	86	86	80	80
Passengers	184	184	172	172
Total Revenue as at December 1992 in L.E. Million	6.14	7.71	8.64	7.67

All these Floating Hotels were constructed in Norway, steel-hulled cruise ships with three 445 horsepower diesel engines. Overall length is approximately 72 meters and 11 meters wide.

They cruise the Nile between Luxor and Aswan and offer five star rated recreational amenities including a sun-deck, lounge, restaurant and a swimming pool.

They are operated by Sheraton Overseas Company Limited under a management contract.

Parties in this excellent opportunity may tender for the above, attaching details of their financial and legal status, recent activities and investment in similar projects. Bank references are required. For more information please contact the Financial agent:

The General Manager - Investment Center
Banque Misr, 153, Mohamed Farid Street,
Cairo (202) 3560811 Fax: (202) 3931024
not later than 12.00 A.M. Wednesday 31.3.1993